

In the opinion of Armstrong Teasdale LLP, Bond Counsel, under existing law and assuming, among other matters, continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the Issuer and the Borrower described herein, interest on the Series 2017 Bonds (including any original issue discount properly allocable to any owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. However, interest on the Series 2017 Bonds will be included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, under existing law and assuming that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2017 Bonds (including any original issue discount properly allocable to any owner thereof) is excluded from taxable income for the purposes of personal income tax and corporate income tax imposed by the State of Missouri. See "TAX MATTERS" herein regarding certain other tax considerations.



\$49,690,000
**HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
OF THE STATE OF MISSOURI
EDUCATIONAL FACILITIES REFUNDING REVENUE BONDS
(WEBSTER UNIVERSITY PROJECT)
SERIES 2017**

Dated: Date of Issuance

**Due: April 1, as set forth
on the inside cover page**

The Series 2017 Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2017 Bonds. Purchases of the Series 2017 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Series 2017 Bonds will be paid from moneys available therefor under the Indenture (herein defined) by The Bank of New York Mellon Trust Company, N.A., St. Louis Missouri, as Trustee and Paying Agent (the "Trustee"). Principal of the Series 2017 Bonds will be payable on each April 1 in the years shown on the inside cover page. Interest on the Series 2017 Bonds will be payable on each April 1 and October 1, beginning on October 1, 2017.

The Series 2017 Bonds are subject to optional, extraordinary optional and mandatory redemption prior to maturity as described herein.

The Series 2017 Bonds are special, limited obligations of the Health and Educational Facilities Authority of the State of Missouri (the "Authority"), issued and secured under the Indenture described herein between the Authority and the Trustee and payable by the Authority solely from certain payments under the Loan Agreement described herein between the Authority and Webster University (the "Borrower").

The Series 2017 Bonds will not constitute a debt or liability of the State of Missouri (the "State") or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2017 Bonds will not, directly, indirectly, or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power.

The Series 2017 Bonds are subject to certain risks. See the caption "**INVESTMENT CONSIDERATIONS AND RISKS.**"

The Series 2017 Bonds are being offered by the Underwriters when, as and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality thereof by Armstrong Teasdale LLP, St. Louis, Missouri, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by Thompson Coburn LLP, St. Louis, Missouri, for the Borrower by Husch Blackwell LLP, Kansas City, Missouri, and for the Underwriters by Bryan Cave LLP, Kansas City, Missouri. Will B. Tschudy, Olathe, Kansas, serves as financial advisor for the Authority in this transaction. North Slope Capital Advisors, Denver, Colorado, is acting as municipal advisor to the Borrower. It is expected that the Series 2017 Bonds will be available for delivery at The Depository Trust Company in New York, New York, on or about June 27, 2017.



RBC Capital Markets

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

\$49,690,000

**HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
OF THE STATE OF MISSOURI
EDUCATIONAL FACILITIES REFUNDING REVENUE BONDS
(WEBSTER UNIVERSITY PROJECT)
SERIES 2017**

Serial Bonds

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Numbers⁽¹⁾</u>
2020	\$1,765,000	3.000%	1.370%	60636ANW9
2021	3,135,000	4.000	1.570	60636ANX7
2022	3,255,000	5.000	1.780	60636ANY5
2023	3,420,000	5.000	1.950	60636ANZ2
2024	3,595,000	5.000	2.110	60636APA5
2025	3,770,000	5.000	2.320	60636APB3
2026	3,955,000	5.000	2.530	60636APC1
2027	4,155,000	5.000	2.660	60636APD9
2028	2,195,000	2.750	2.913	60636APE7
2029	2,255,000	3.000	3.090	60636APF4
2030	2,320,000	3.000	3.160	60636APG2
2031	2,395,000	4.000	3.240 ⁽²⁾	60636APH0
2032	2,485,000	4.000	3.310 ⁽²⁾	60636APJ6
2033	2,590,000	4.000	3.380 ⁽²⁾	60636APK3
2034	2,690,000	4.000	3.440 ⁽²⁾	60636APL1
2035	2,795,000	4.000	3.490 ⁽²⁾	60636APM9
2036	2,915,000	3.500	3.600	60636APN7

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association, and are included solely for the convenience of the Bondowners. None of the Authority, the Borrower nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

⁽²⁾ Yield calculated to the first optional redemption date (April 1, 2027).

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Authority, the Borrower or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

Certain information contained in this Official Statement has been obtained from the Borrower, DTC, the Authority, and other sources which are deemed reliable. The information herein relating to the Borrower and its affairs and conditions has been provided by the Borrower. The information herein relating to DTC and its affairs and condition has been provided by DTC. This Official Statement is submitted in connection with the sale of the Series 2017 Bonds and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to its date.

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND, EXCEPT FOR THE INFORMATION REGARDING THE AUTHORITY CONTAINED UNDER THE CAPTIONS “THE AUTHORITY” AND “LITIGATION — THE AUTHORITY” HEREIN, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2017 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2017 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND

THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2017 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**CAUTIONARY STATEMENTS REGARDING FORWARD-
LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, INCLUDING, BUT NOT LIMITED TO THOSE DESCRIBED UNDER THE CAPTION “INVESTMENT CONSIDERATIONS AND RISKS”, WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE BORROWER NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$49,690,000

HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF
THE STATE OF MISSOURI
EDUCATIONAL FACILITIES REFUNDING REVENUE BONDS
(WEBSTER UNIVERSITY PROJECT)
SERIES 2017

INTRODUCTION

*The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix C** to this Official Statement.*

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page hereof and the Appendices hereto, is to furnish certain information relating to (1) the Health and Educational Facilities Authority of the State of Missouri (the “**Authority**”), (2) the Authority’s Educational Facilities Refunding Revenue Bonds (Webster University Project) Series 2017, in the aggregate principal amount of \$49,690,000 (the “**Series 2017 Bonds**”), and (3) Webster University (the “**Borrower**”).

The Authority

The Authority is a body politic and corporate and a public instrumentality of the State of Missouri (the “**State**”), created and existing under the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri (the “**Act**”). See the caption “**THE AUTHORITY**” in this Official Statement.

The Borrower

The Borrower is a nonprofit corporation, organized and existing under the laws of the State of Missouri, which operates as a private, nonprofit, accredited university offering undergraduate and graduate education. **Appendix A** to this Official Statement contains information regarding the history, organization, operations and financial performance of the Borrower. **Appendix B** to this Official Statement contains certain financial statements of the Borrower which are prepared in accordance with accounting principles generally accepted in the United States. The financial statements and related notes presented in **Appendix B** contain information regarding the Borrower. References to the Borrower’s audited consolidated financial statements in this Official Statement refer to such financial statements.

Purpose of the Series 2017 Bonds

The Series 2017 Bonds are being issued pursuant to the terms of a Trust Indenture, dated as of July 1, 2011 (the “**Original Indenture**”), as amended and supplemented pursuant to a Supplemental Indenture of Trust No. 1, dated as of October 1, 2015 (the “**Supplemental Indenture No. 1**”), and a Supplemental indenture of Trust No. 2, dated as of June 1, 2017 (the “**Supplemental Indenture No. 2**”), together with the Original Indenture and Supplemental Indenture No. 1, the “**Indenture**”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”). See the caption “**THE SERIES 2017 BONDS**” in this Official Statement.

Pursuant to the terms of the Original Indenture, the Authority issued its Educational Facilities Improvement and Refunding Revenue Bonds (Webster University Project) Series 2011 in the original aggregate principal amount of \$61,385,000 and currently outstanding in the aggregate principal amount of \$54,070,000 (the “**Series 2011 Bonds**”). Pursuant to the Supplemental Indenture No. 1, the Authority issued its Educational Facilities Revenue Bonds (Webster University Project) Series 2015 as draw down bonds with a maximum principal amount of \$26,000,000 maximum principal amount, \$26,000,000 of which has been drawn on and is currently outstanding (the “**Series 2015 Bonds**”). See the caption “**SUMMARY OF THE INDENTURE – Additional Bonds – Series 2015 Bonds**” in **Appendix C** to this Official Statement.

The Series 2017 Bonds are being issued under the Indenture to refund all of the outstanding Series 2011 Bonds. The Series 2017 Bonds are being issued on a parity with the Series 2015 Bonds. The Indenture provides for the future issuance of additional bonds (“**Additional Bonds**”) which, if issued, would rank on a parity with the Series 2015 Bonds, the Series 2017 Bonds and any other bonds then outstanding under the Indenture. See the caption “**ADDITIONAL INDEBTEDNESS**” in this Official Statement. The Series 2015 Bonds, the Series 2017 Bonds and any future Additional Bonds issued under the Indenture are hereinafter referred to collectively as the “**Bonds**.”

In connection with the issuance of the Series 2011 Bonds, the Authority and the Borrower entered into a Loan Agreement, dated as of July 1, 2011 (the “**Original Loan Agreement**”), pursuant to which the Authority loaned the proceeds of the Series 2011 Bonds to the Borrower, and the Borrower covenanted to repay the Series 2011 Bonds. In connection with the issuance of the Series 2015 Bonds, the Authority and the Borrower entered into a Supplemental Loan Agreement No. 1, dated as of October 1, 2015 (the “**Supplemental Loan Agreement No. 1**”), pursuant to which the Authority loaned the proceeds of the Series 2015 Bonds to the Borrower, and the Borrower covenanted to repay the Series 2015 Bonds. In connection with the issuance of the Series 2017 Bonds, the Authority and the Borrower will enter into a Supplemental Loan Agreement No. 2, dated as of June 1, 2017 (the “**Supplemental Loan Agreement No. 2**,” together with the Original Loan Agreement and Supplemental Loan Agreement No. 1, the “**Loan Agreement**”), pursuant to which the Authority will loan the proceeds of the Series 2017 Bonds to the Borrower, and the Borrower will covenant to repay the Series 2017 Bonds, all as more particularly described in this Official Statement and in the Loan Agreement.

The proceeds from the sale of the Series 2017 Bonds will be loaned to the Borrower, pursuant to the terms of the Loan Agreement to provide funds to: (i) refund the Series 2011 Bonds (the “**Refunded Bonds**”) and (ii) pay costs associated with the issuance of the Series 2017 Bonds. See the caption “**PLAN OF FINANCING**” in this Official Statement for additional information relating to the use of funds derived from the sale of the Series 2017 Bonds and a description of the redemption of the Refunded Bonds.

Security for the Series 2017 Bonds

The Series 2017 Bonds and the interest thereon are special, limited obligations of the Authority, payable by the Authority solely from certain payments to be made by the Borrower under the Loan Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Authority. The Series 2017 Bonds are secured by the Indenture and the Loan Agreement as described herein. Payments under the Loan Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Series 2017 Bonds. The revenues of the Borrower that will be used to make payments under the Loan Agreement are expected to be derived from revenues received by the Borrower from its educational facilities. Pursuant to the Indenture, the Authority will assign to the Trustee, for the benefit and security of the registered owners of the Series 2017 Bonds, substantially all of the rights of the Authority in the Loan Agreement, including all Loan Payments payable thereunder, reserving the Authority’s rights to payment of its fees and expenses and to certain indemnities.

The Series 2017 Bonds will not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2017 Bonds will not, directly, indirectly, or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power. See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**” in this Official Statement.

Financial Statements

Audited consolidated financial statements of the Borrower, as of and for the Fiscal Years ended May 31, 2016 and 2015, are included in **Appendix B** to this Official Statement. The audited consolidated financial statements have been audited by BKD, LLP, independent auditors, to the extent and for the periods indicated in their report, which is also included in **Appendix B**. See the caption “**FINANCIAL STATEMENTS**” in this Official Statement.

Investment Considerations and Risks

Payment of the principal of and interest on the Series 2017 Bonds is dependent upon revenues to be derived from the operations of the Borrower. Certain risks are inherent in the production of such revenues. Therefore, there are investment considerations and risks associated with the purchase of the Series 2017 Bonds. See the caption “**INVESTMENT CONSIDERATIONS AND RISKS**” in this Official Statement for a discussion of certain risks.

Continuing Disclosure

The Borrower will undertake, pursuant to the Loan Agreement and a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain material events. See the caption “**CONTINUING DISCLOSURE**” in this Official Statement and **Appendix E** to this Official Statement.

Definitions and Summaries of Legal Documents

Definitions of certain words and terms used in this Official Statement are set forth in **Appendix C** to this Official Statement. Summaries of the Indenture and the Loan Agreement are included in this Official Statement in **Appendix C** to this Official Statement. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the offices of the Underwriters, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE AUTHORITY

Organization and Powers

The Authority is a body politic and corporate and a public instrumentality duly organized and existing under the laws of the State, including particularly the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as amended (the “**Act**”).

The Authority is empowered under the Act to make loans to any participating health or educational institution to finance or reimburse the cost of health or educational facilities, to refinance outstanding obligations, mortgages or advances issued, made or given for the cost of such facilities, and to refund bonds

of the Authority issued for such purposes. The Authority may issue its bonds, notes or other obligations for any of its corporate purposes. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Authority or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

Membership

The Act provides that the Authority shall consist of seven members who are to be appointed by the governor of the State with the advice and consent of the State Senate. Each member must be a resident of the State and not more than four members of the Authority may be of the same political party. Initial members were appointed to staggered terms of office and successor members are appointed for terms of five years. Members continue to serve after expiration of their term until a successor is appointed and qualified or they are reappointed.

Members

The current members of the Authority and their offices are as follows:

Sarah R. Maguffee – Chair and Member. Ms. Maguffee, a resident of Columbia, Missouri is an attorney and Clerk to Judge Karen King Mitchell, Missouri Court of Appeals, Western District (starting September, 2017). Term as a Member expired July 30, 2013.

Joseph A. Cavato – Vice Chair and Member. Mr. Cavato, a resident of University City, Missouri, is owner of JAC Consulting, LLC, provider of consulting and advisory services. Term as a Member expired July 30, 2013.

Jeffrey D. Byrne – Treasurer and Member. Mr. Byrne, a resident of Kansas City, Missouri, is founder and CEO of Jeffrey Byrne & Associates, Inc., a fundraising and financial development firm specializing in nonprofit organizations. Term as a Member expires July 30, 2019.

Thomas E. George – Member. Mr. George, a resident of St. Louis, Missouri, is the President of the International Brotherhood of Electrical Workers (IBEW) Local One in St. Louis. Term as a Member expired July 30, 2015.

Judith W. Scott – Member. Ms. Scott, a resident of Poplar Bluff, Missouri, is the Executive Director of the Three Rivers Community College Foundation. Term as a Member expired July 30, 2011.

Kevin L. Thompson, CPA – Member. Mr. Thompson, a resident of Elsberry, Missouri, is the Chief Financial Officer of Cambridge Engineering located in Chesterfield, Missouri. Term as a Member expired July 30, 2009.

There is one vacant position.

Under the Act, Members continue to serve until reappointed or a successor is appointed and qualified.

Executive Director

Michael J. Stanard serves as Executive Director of the Authority. Mr. Stanard has served as Executive Director since May 1, 1998.

Representatives

Thompson Coburn LLP, St. Louis, Missouri, serves as general counsel to the Authority.

Will B. Tschudy, Olathe, Kansas, serves as financial advisor to the Authority.

Indebtedness of the Authority

The Authority has previously sold and delivered numerous series of bonds and notes secured by instruments separate and apart from the Indenture securing the Series 2017 Bonds. The owners of such bonds and notes have no claim on the assets, funds or revenues of the Authority securing the Series 2017 Bonds and the owners of the Series 2017 Bonds will have no claims on assets, funds or revenues of the Authority securing such other bonds and notes except with respect to any outstanding bonds issued by the Authority for the Borrower and certain future indebtedness of the Borrower.

With respect to additional indebtedness of the Authority, the Authority intends to enter into separate agreements with participating health and educational institutions in the State for the purpose of providing financing for other eligible projects and programs. Issues which may be sold by the Authority in the future will be created under separate and distinct indentures or resolutions and will be secured by instruments, properties and revenues separate from those securing the Series 2017 Bonds.

EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED “THE AUTHORITY” AND “LITIGATION – THE AUTHORITY”, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BORROWER

The Borrower is a nonprofit corporation, organized and existing under the laws of the State of Missouri, and is a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Code*”). The Borrower operates as a private, nonprofit, accredited university offering undergraduate and graduate education at more than 65 locations throughout the United States, including four St. Louis area campuses (including the main campus), 22 metropolitan locations, seven corporate sites, and 32 military installations as well as campuses in Europe, Asia and Africa. See **Appendix A** to this Official Statement.

PLAN OF FINANCING

General

The proceeds of the Series 2017 Bonds will be loaned by the Authority to the Borrower pursuant to the Loan Agreement. The Borrower will use such proceeds, together with certain other funds to be contributed by the Borrower, to (i) refund the Series 2011 Bonds, and (2) pay certain costs of issuance of the Series 2017 Bonds.

The Refunding

The Authority previously issued, for the benefit of the Borrower, the Series 2011 Bonds pursuant to the terms of the Original Indenture. The Borrower will use a portion of the funds derived from the sale of the Bonds, together with other available funds, to:

(i) refund, at a redemption price equal to 100% of the principal amount thereof, all of the Series 2011 Bonds maturing in the years 2024 and 2032, in the aggregate principal amount of \$10,240,000 (the “**Redeemed Series 2011 Bonds**”) on or about June 27, 2017 (the “**Redeemed Series 2011 Bonds Redemption Date**”); and

(ii) defease all of the remaining Series 2011 Bonds in the aggregate principal amount of \$43,830,000 (the “**Defeased Series 2011 Bonds**”) to April 1, 2021 (the “**Defeased Series 2011 Bonds Redemption Date**”), the date on which the such Series 2011 Bonds shall be redeemed in full at a redemption price equal to 100% of the principal amount thereof.

The portion of the funds from the sale of the Bonds used to redeem the Redeemed Series 2011 Bonds will be deposited with the Trustee and used to pay the principal of and interest on the Redeemed Series 2011 Bonds on the Redeemed Series 2011 Bonds Redemption Date.

The portion of the funds from the sale of the Bonds used to defease the Defeased Series 2011 Bonds will be deposited pursuant to an Escrow Deposit Agreement (the “**Escrow Agreement**”) among the Authority, the Borrower and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”), to establish an escrow account to be used to purchase certain non-callable, direct obligations of the United States of America (the “**Government Obligations**”). The Government Obligations, together with a certain beginning cash balance held in the escrow account, will be sufficient to pay principal and interest coming due on the Defeased Series 2011 Bonds to and including the Defeased Series 2011 Redemption Date and then outstanding principal of the Defeased Series 2011 Bonds on the Defeased Series 2011 Redemption Date.

Robert Thomas CPA, LLC, certified public accountants (the “**Verification Agent**”), will deliver to the Authority and the Escrow Agent its report verifying the accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Government Obligations or other permitted investments to pay, when due or called for redemption on the redemption date, the principal of and interest on the Defeased Series 2011 Bonds.

Sources and Uses of Funds

The following is a summary of the estimated sources of funds, including the proceeds of the Series 2017 Bonds, and the uses of such funds in connection with the plan of financing:

Sources of Funds:

Principal amount of the Series 2017 Bonds.....	\$ 49,690,000.00
Net original issue premium	4,890,790.35
Funds available from funds for the Refunded Bonds.....	<u>5,518,000.00</u>
Total sources of funds	<u>\$ 60,098,790.35</u>

Uses of Funds:

Deposit to the escrow account for the defeasance of the Defeased Series 2011 Bonds	\$ 48,858,937.61
Deposit to the Trustee for the redemption of the Redeemed Series 2011 Bonds.....	10,351,239.30
Costs of Issuance ⁽¹⁾	<u>888,613.44</u>
Total uses of funds	<u>\$ 60,098,790.35</u>

- (1) Includes underwriters' discount (see the caption "UNDERWRITING" in this Official Statement) and other costs of issuance related to the Series 2017 Bonds.

THE SERIES 2017 BONDS

*The following is a summary of certain terms and provisions of the Series 2017 Bonds. The definitions of certain words and terms and summaries of certain provisions of the Indenture and the Loan Agreement relating to the Series 2017 Bonds are set forth in **Appendix C** to this Official Statement. Reference is hereby made to the Series 2017 Bonds and the provisions with respect thereto in the Indenture and the Loan Agreement for the detailed terms and provisions thereof.*

General Terms

The Series 2017 Bonds are being issued in the aggregate principal amount of \$49,690,000, are dated their initial date of issuance, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates of interest set forth on the inside cover page of this Official Statement, payable semiannually on April 1 and October 1 of each year, beginning on October 1, 2017, and will mature on April 1 of the years set forth on the inside cover page of this Official Statement. The Series 2017 Bonds are being issued as fully registered bonds in the denominations of \$5,000 and any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchases of beneficial interests in the Series 2017 Bonds will be made in book-entry only form (as described below under the caption "**BOOK-ENTRY ONLY SYSTEM**"), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2017 Bonds will not receive certificates representing their interests in the Series 2017 Bonds purchased.

The Series 2017 Bonds, when issued, will be initially registered in the name of Cede & Co., as nominee for DTC and no beneficial owner will receive certificates representing its interest in the Series 2017 Bonds, except in the event the Trustee issues replacement bonds as provided in the Indenture. Payment of the principal of, premium, if any, and interest on each Series 2017 Bond will be made, and notices and other communications to Bondholders will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Series 2017 Bonds are not in a book-entry only system, payment of principal of, premium, if any, and interest on the Series 2017 Bonds will be made and such notices and communications will be given as described in the Indenture. See the caption "**BOOK-ENTRY ONLY SYSTEM**" in this Official Statement.

Principal of, redemption premium, if any, and interest on the Series 2017 Bonds will be paid and notices and other communications will be given through DTC as described under the caption “**BOOK-ENTRY ONLY SYSTEM**” in this Official Statement.

Subject to the provisions of the Indenture, (a) the principal of and any premium on any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the principal corporate trust office of the Trustee or at the office, designated by the Trustee, of any Paying Agent, and (b) interest on any Bond shall be paid on each Interest Payment Date to the Person in whose name the Bond is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein by check or draft which the Trustee shall cause to be mailed on the Interest Payment Date such interest is due. Notwithstanding the foregoing, interest on any Bond shall be paid by electronic transfer in immediately available funds to any Holder of the Series 2017 Bonds, if the Holder holds \$500,000 or more aggregate principal amount of Bonds and gives the Trustee a prior written request that all payments be made by electronic transfer, specifying a bank located in the continental United States for credit to the ABA routing number and the account name and number. If and to the extent, however, that the Authority shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of the Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. When moneys become available for payment of the interest, (x) the Trustee shall, pursuant to the Indenture, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (y) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Series 2017 Bonds at the close of business on the Special Record Date.

Notwithstanding anything in the foregoing to the contrary, when the Series 2017 Bonds are held in a Book-Entry System, Bond Service Charges shall be payable in next day or federal funds delivered or transmitted to the Depository or its nominee.

Redemption Prior to Maturity

The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as follows:

Optional Redemption. The Series 2017 Bonds shall be subject to optional redemption and payment prior to maturity by the Authority, upon instructions from the Borrower, on and after April 1, 2027 in whole or in part at any time at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium.

Extraordinary Optional Redemption. The Series 2017 Bonds are subject to redemption by the Authority in the event of the exercise by the Borrower of its option to direct that redemption upon occurrence of any of the events set forth in the Loan Agreement and described below (a) at any time in whole, or (b) in whole or in part on any date in the event of condemnation of part of the Project, as provided in the Loan Agreement, in each case, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date.

The events set forth in the Loan Agreement permitting an extraordinary optional redemption of the Series 2017 Bonds in whole at any time are as follows:

- (a) The Project shall have been damaged or destroyed to such an extent that (1) it cannot reasonably be expected to be restored within a period of six consecutive months to the

condition thereof immediately preceding such damage or destruction, or (2) its normal use and operation is reasonably expected to be prevented for a period of six consecutive months.

(b) Title to, or the temporary use of, all or a significant part of the Project shall have been taken under the exercise of the power of eminent domain (1) to such extent that the Project cannot reasonably be expected to be restored within a period of six consecutive months to a condition of usefulness comparable to that existing prior to the taking, or (2) as a result of the taking, normal use and operation of the Project is reasonably expected to be prevented for a period of six consecutive months.

(c) As a result of any changes in the constitution of the State, the Constitution of the United States of America, or State or federal laws, or as a result of legislative or administrative action (whether State or federal), or by final decree, judgment, or order of any court or administrative body (whether State or federal) entered after the contest thereof by the Authority or the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Loan Agreement, or if unreasonable burdens or excessive liabilities shall have been imposed with respect to the Project or the operation thereof, including, without limitation, federal, State, or other ad valorem, property, income, or other taxes not being imposed on the date of the Loan Agreement other than ad valorem taxes presently levied upon privately owned property used for the same general purpose as the Project.

Selection of Series 2017 Bonds to be Redeemed; Series 2017 Bonds Redeemed in Part

Series 2017 Bonds may be redeemed only in the principal amount of minimum Authorized Denominations. No portion of a Series 2017 Bond may be redeemed that would result in a Series 2017 Bond which is smaller than the then permitted minimum Authorized Denomination. For this purpose, the Trustee shall consider each Series 2017 Bond in a denomination larger than the minimum Authorized Denomination permitted at the time to be separate Bonds each in an Authorized Denomination.

If less than all Series 2017 Bonds are to be redeemed, the particular Series 2017 Bonds to be redeemed shall be selected by the Trustee by lot; provided that in the case of optional redemption, the Borrower may designate the Bonds to be redeemed.

Any Series 2017 Bond that is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder thereof or his attorney or legal representative duly authorized in writing) and the Trustee shall authenticate and deliver to the Holder of such Series 2017 Bond, without service charge, a new Series 2017 Bond or Series 2017 Bonds of any Authorized Denomination or Denominations as requested by such Holder in the aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2017 Bond so surrendered. If the Holder of any such Series 2017 Bond shall fail to present such Series 2017 Bond to the Trustee for payment and exchange as aforesaid, said Series 2017 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the unit or units of principal amount in minimum Authorized Denominations called for redemption (and to that extent only).

Notwithstanding the foregoing, in the event that the Depository for the Series 2017 Bonds is DTC, the Trustee shall follow the procedure for redemption and notice as set forth in DTC's operational arrangements, as in effect at the time.

Notice of Redemption. Unless waived by any Holder of Series 2017 Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Authority by first class mail or

prepaid overnight delivery service at least 30 days prior to the redemption date for Series 2017 Bonds to each registered Holder of the Series 2017 Bonds to be redeemed at the address shown on the bond register. All official notices of redemption shall be dated and shall state: (a) the redemption date; (b) the redemption price; (c) the principal amount (and, in the case of partial redemption, the respective principal amounts, identification numbers and maturity date) of the Series 2017 Bonds to be redeemed; (d) that on the redemption date the redemption price will become due and payable upon each such Series 2017 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (e) the place where the Series 2017 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the payment office of the Trustee.

Notice of any optional redemption of Series 2017 Bonds may be conditioned on the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date and such notice and redemption shall be of no effect if such moneys are not so deposited.

The failure of any Holder of Series 2017 Bonds to receive notice given as provided in the Indenture, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2017 Bonds. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Holder receives such notice.

In addition to the foregoing notice, further notice shall be given by the Trustee at least one day before the notice to the Bondholders is given by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2017 Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Series 2017 Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the date of issue of the Series 2017 Bonds as originally issued; (b) the rate of interest borne by each Series 2017 Bond being redeemed; (c) the Maturity Date of each Series 2017 Bond being redeemed; and (d) any other descriptive information needed to identify accurately the Series 2017 Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the registered Holders of the Series 2017 Bonds as above prescribed.

So long as the Depository is effecting book-entry transfers of the Series 2017 Bonds, the Trustee shall provide the notices specified in this Section only to the Depository. It is expected that the Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2017 Bond to notify the beneficial owner of the Series 2017 Bond so affected, shall not affect the validity of the redemption of such Series 2017 Bond.

Registration, Transfer and Exchange

The Series 2017 Bonds will be issued in fully registered form in Authorized Denominations. The Series 2017 Bonds will be issued in fully registered form, and each Series 2017 Bond will be registered in the name of the owner thereof on the Register. So long as the Series 2017 Bonds are available through the book-entry only system of DTC, transfers of the Series 2017 Bonds may be made as described under the caption **“BOOK-ENTRY ONLY SYSTEM.”** At any other time, Series 2017 Bonds may be exchanged, at the option of their Holder, for Bonds of the same series and of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Series 2017 Bonds being exchanged; provided, however, that the Series 2017 Bonds shall be exchanged only in Authorized Denominations. The exchange shall be made upon presentation and surrender of the Series 2017 Bonds being exchanged at the

designated office of the Registrar or at the designated office of any Authenticating Agent for that series of Bonds, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Registrar or the Authenticating Agent, as the case may be. Any Series 2017 Bond may be transferred upon the Register, upon presentation and surrender thereof at the designated office of the Registrar, or the designated office of any Authenticating Agent for the series thereof, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Registrar or the Authenticating Agent, as the case may be. Upon transfer of any Series 2017 Bond and on request of the Registrar or the Authenticating Agent, the Authority shall execute in the name of the transferee, and the Registrar or the Authenticating Agent, as the case may be, shall authenticate and deliver, a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Series 2017 Bonds presented and surrendered for transfer; provided, however, that the Series 2017 Bonds shall be transferred only in Authorized Denominations.

BOOK-ENTRY ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Borrower or the Underwriters. The Authority, the Borrower and the Underwriters make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described herein or in a timely manner.

General. The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2017 Bond certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of issuer or agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the issuer or agent.

Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The Authority or the Borrower may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2017 Bonds will be printed and delivered to DTC. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Series 2017 Bonds from DTC (or such successor securities depository), Series 2017 Bond certificates may be delivered to Beneficial Owners in the manner described in the Indenture.

The information above concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the Authority, the Borrower, the Trustee or the Underwriters. The Authority, the Borrower, the Trustee and the Underwriters make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Holders will act in accordance with the procedures described above or in a timely manner.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Special, Limited Obligations

The Series 2017 Bonds and the interest thereon are special, limited obligations of the Authority, payable solely from certain payments to be made by the Borrower under the Loan Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Authority, and are secured under the Indenture and the Loan Agreement as described herein.

The Series 2017 Bonds will not constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2017 Bonds will not, directly, indirectly, or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power.

The Indenture

Under the Indenture, the Authority will pledge and assign to the Trustee, for the benefit of the bondowners, (a) all right, title, and interest of the Authority (including, but not limited to, the right to enforce any of the terms thereof) in, to, and under (1) the Loan Agreement, including all Revenues and other payments owing to the Authority and paid by the Borrower under the Loan Agreement, except the Authority's rights to payment of its fees and expenses and to indemnification as set forth in the Loan Agreement, and as otherwise expressly set forth therein (the "**Reserved Rights**"), (2) the Series 2015 Note, the Series 2017 Note and any Additional Notes, and (3) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Series 2017 Bonds; (b) all moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee in the funds and accounts under the terms of the Indenture; and (c) any and all other property (real, personal, or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned, or transferred as and for additional security under the Indenture by the Authority or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture. See the caption "**SUMMARY OF THE INDENTURE**" in **Appendix C** to this Official Statement.

The Loan Agreement

Loan Payments and Other Payments. Under the Loan Agreement, the Borrower is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Series 2017 Bonds when due and to make certain other payments. The Borrower's obligations to make Loan Payments and to pay other amounts under the Loan Agreement are absolute and unconditional without any abatement or diminution thereof. See the caption "**SUMMARY OF THE LOAN AGREEMENT**" in **Appendix C** to this Official Statement.

Pledge of Unrestricted Gross Revenues. Pursuant to the terms of the Loan Agreement, the Borrower has granted to the Authority a security interest in the Borrower's Unrestricted Gross Revenues as additional security for its obligations to make Loan Payments. For further information with respect to the pledge by the Borrower of its Unrestricted Gross Revenues, see the caption "**SUMMARY OF THE LOAN AGREEMENT - Pledge of Unrestricted Gross Revenues**" in **Appendix C** to this Official Statement.

Financial Covenants. Pursuant to the terms of the Loan Agreement, and only so long as the Series 2015 Bonds remain Outstanding under the Indenture, the Borrower has covenanted to maintain, as the end of each Fiscal Year, (i) a Liquidity Ratio of not less than 75% and (ii) a Maximum Annual Debt Service Ratio of not more than 10%. Upon the redemption or defeasance of the Series 2015 Bonds in full, the financial covenants set forth in the preceding sentence will no longer be applicable and the Borrower shall not be under any obligation to satisfy such covenants.

Certain defined terms used in calculating compliance with the financial covenants are set forth below. See **Appendix C** to this Official Statement for other defined terms.

"Available Temporarily Restricted Assets" means assets that are required to be designated as temporarily restricted in conformity with generally accepted accounting principles that are available to pay Indebtedness, as certified by the Borrower.

"Debt Service Requirements" means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption or otherwise) and interest payments required to be made during such period on the Outstanding Bonds and Additional Obligations.

"Liquidity Ratio" means the ratio of the Unrestricted Resources to outstanding Long-Term Indebtedness (exclusive of Non-Recourse Indebtedness) as of the applicable Fiscal Year end.

"Long-Term Indebtedness" means Indebtedness having a maturity greater than one year or renewable or extendible at the option of the debtor for a period greater than one year from the date of original measurement (excluding current maturities) and all Indebtedness required to be classified as long-term indebtedness in accordance with generally accepted accounting principles.

"Maximum Annual Debt Service" means the maximum amount of Debt Service Requirements as computed from the then current Fiscal Year.

"Maximum Annual Debt Service Ratio" means the ratio of Maximum Annual Debt Service to Unrestricted Gross Revenues for the applicable Fiscal Year.

"Property, Plant, and Equipment" means the entire complex of tangible assets used by the Borrower as shown on the balance sheet of the Borrower, determined on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied.

“Tuition and Fees” means tuition, fees, and moneys received by the Borrower from any source on account of the academic instruction or services provided by the Borrower to its students, whether or not termed tuition and whether or not consisting of partial or total financial aid.

“Unrestricted Gross Revenues” means, for any period of calculation, the Tuition and Fees and all other unrestricted revenues of the Borrower as shown on its financial statements for such period, excluding, (a) financial aid, tuition discounts, and fee discounts for such period, (b) unrealized gains or losses on investments for such period, (c) any pledges by donors made in such period but not actually collected in such period, and (d) revenues from facilities pledged to Non-Recourse Indebtedness required to pay debt service on such Non-Recourse Indebtedness, and including (x) net assets released from temporary restriction in such period, and (y) any donations actually collected in such period, the pledge of which was recorded as restricted revenues for a prior period.

“Unrestricted Net Assets” means those net assets whose use is not restricted by donor-imposed stipulations as shown on the balance sheet of the Borrower, determined on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied.

“Unrestricted Resources” means Unrestricted Net Assets, plus Available Temporarily Restricted Assets, less the difference of net Property, Plant, and Equipment and the aggregate principal amount of all outstanding Long-Term Indebtedness.

Additional Indebtedness

Additional Notes of the Borrower issued under the Loan Agreement or Additional Obligations may be secured by a parity lien on the Unrestricted Gross Revenues. See the caption **“ADDITIONAL INDEBTEDNESS”** in this Official Statement.

Enforceability

The enforceability of and remedies available upon an event of default under the Loan Agreement or the Indenture are subject to various legal uncertainties and, in many respects, may be dependent upon judicial actions, which are often subject to discretion and delay. See the caption **“INVESTMENT CONSIDERATIONS AND RISKS – Factors Relating to Security for the Series 2017 Bonds – Enforcement of Remedies.”**

ADDITIONAL INDEBTEDNESS

The Authority may, at any time upon compliance with certain terms and conditions set forth in the Indenture, issue Parity Bonds for any purpose permitted under the Act. Any Parity Bonds will be equally and ratably secured by the Indenture on a parity with the Series 2017 Bonds. See the captions **“SUMMARY OF THE INDENTURE – Additional Bonds”** and **“SUMMARY OF THE LOAN AGREEMENT – Additional Bonds; Additional Notes,”** **“SUMMARY OF THE LOAN AGREEMENT – Additional Obligations”** and **“SUMMARY OF THE LOAN AGREEMENT – Permitted Indebtedness”** in **Appendix C** to this Official Statement.

The Borrower may also issue Additional Obligations, upon compliance with certain terms and conditions set forth in the Loan Agreement, to parties other than the Authority. Such Additional Obligations will not be pledged under the Indenture but will be equally and ratably secured under the Loan Agreement and any Parity Notes. See the captions **“DEFINITIONS OF WORDS AND TERMS”** and **“SUMMARY OF THE LOAN AGREEMENT – Additional Notes”** and **“SUMMARY OF THE LOAN AGREEMENT – Additional Obligations”** in **Appendix C** to this Official Statement.

DEBT SERVICE REQUIREMENTS FOR THE BONDS

The following table sets forth the annual amounts required to pay scheduled principal, including mandatory sinking fund payments and interest on the Series 2015 Bonds and the Series 2017 Bonds during each Fiscal Year of the Borrower.

Fiscal Year Ending May 31	Series 2017 Bonds		Principal and Interest on Series 2015 Bonds ⁽¹⁾	Total
	Principal	Interest		
2018	\$ 0	\$ 1,601,140	\$ 1,518,600	\$ 3,119,740
2019	0	2,103,688	1,516,676	3,620,364
2020	1,765,000	2,103,688	1,519,230	5,387,918
2021	3,135,000	2,050,738	1,516,132	6,701,870
2022	3,255,000	1,925,338	1,517,511	6,697,849
2023	3,420,000	1,762,588	1,518,238	6,700,826
2024	3,595,000	1,591,588	1,518,313	6,704,901
2025	3,770,000	1,411,838	1,517,735	6,699,573
2026	3,955,000	1,223,338	1,516,504	6,694,842
2027	4,155,000	1,025,588	1,519,621	6,700,209
2028	2,195,000	817,838	1,516,955	4,529,793
2029	2,255,000	757,475	1,518,637	4,531,112
2030	2,320,000	689,825	1,519,535	4,529,360
2031	2,395,000	620,225	1,514,651	4,529,876
2032	2,485,000	524,425	1,519,114	4,528,539
2033	2,590,000	425,025	1,517,663	4,532,688
2034	2,690,000	321,425	1,515,430	4,526,855
2035	2,795,000	213,825	1,517,413	4,526,238
2036	2,915,000	102,025	1,518,483	4,535,508
2037	—	—	1,518,640	1,518,640
2038	—	—	1,517,883	1,517,883
2039	—	—	1,516,212	1,516,212
2040	—	—	1,518,628	1,518,628
Total	<u>\$ 49,690,000</u>	<u>\$ 21,271,615</u>	<u>\$ 34,907,804</u>	<u>\$ 105,869,424</u>

Note: Totals may not foot due to rounding

⁽¹⁾ Assumes that the Series 2015 Bonds continue to bear interest at the current rate of 2.61% after April 1, 2025. On April 1, 2025 and thereafter, the interest rate on the Series 2015 Bonds is subject to rate resets pursuant to the terms of Supplemental Indenture No. 1. See also the caption “**SUMMARY OF THE INDENTURE – Additional Bonds – Series 2015 Bonds**” in **Appendix C** to this Official Statement.

INVESTMENT CONSIDERATIONS AND RISKS

*The following is a discussion of certain risks that could affect payments to be made by the Borrower with respect to the Series 2017 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2017 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in **Appendix C**, copies of which are available as described herein.*

General

The Series 2017 Bonds are limited obligations of the Authority payable by the Authority solely from payments to be made by the Borrower under the Loan Agreement and certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make payments under the Loan Agreement with respect to the Series 2017 Bonds. The realization of future revenues is dependent upon, among other things, government regulations, the capabilities of the management of the Borrower and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

Enrollment

The Borrower believes that the strength of its academic programs, faculty and facilities and its domestic and international locations will cause the demand for its educational programs to remain stable; however, no assurance can be given that it will do so. The Borrower's academic offerings are diverse, including undergraduate and graduate programs at domestic and international locations, as well as programming for non-traditional students and significant enrollment in online programs. See the caption "**OPERATIONS**" in **Appendix A** to this Official Statement. A significant decrease in the Borrower's enrollment could adversely affect the Borrower's financial position and results of operations.

Financial Aid

A significant percentage of the Borrower's undergraduate and graduate students receive financial support in the form of federally supported loans and scholarships and grants from the Borrower. See the caption "**STUDENT AND TUITION INFORMATION – Financial Aid**" in **Appendix A** to this Official Statement. There can be no assurance that the amount of federally supported loans or other financial aid will remain stable or increase in the future. If the amount of loans or other financial aid decreases in the future, there can be no assurance that the Borrower will be able to increase the amount of financial aid provided by it. Any change in the availability of financial aid could adversely affect the Borrower's enrollment. Any significant decrease in enrollment could adversely affect the Borrower's financial position and results of operations.

Tuition

A significant portion of the Borrower's operating revenues is provided through tuition and related fees. Although the Borrower in the past has been able to raise tuition and related fees without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so. Future tuition increases and any adverse change in enrollment could adversely affect enrollment, which could adversely affect the Borrower's financial position and results of operations.

Gifts, Grants and Bequests

The Borrower annually solicits gifts and bequests for both current operating purposes and other needs. In addition, the Borrower receives various grants from private foundations and from agencies of the federal government. See the caption “**GIFTS, FUNDRAISING, AND ENDOWMENT**” in **Appendix A** to this Official Statement. There can be no assurance that the amount of gifts, grants and bequests received by the Borrower will remain stable or increase in the future.

Investment Ratings

The lowering or withdrawal of the investment rating initially assigned to the Series 2017 Bonds could adversely affect the market price for and the marketability of the Series 2017 Bonds.

Additional Debt

The Indenture permits the issuance of additional indebtedness on a parity with the Borrower’s obligation under the Loan Agreement and also permits incurrence of other types of indebtedness by the Borrower. Additional indebtedness could also increase debt service requirements of the Borrower and could adversely affect debt service coverage on the Series 2017 Bonds.

Tax-Exempt Status of the Borrower and the Series 2017 Bonds

The Internal Revenue Service (“**IRS**”) has determined that the Borrower is an organization described in Section 501(c)(3) of the Code and therefore is exempt from federal income taxation. In addition, the Borrower, as an owner of a nonprofit educational facility, is exempt from ad valorem property taxation. As a charitable organization, the Borrower is subject to a number of requirements affecting its operations. The IRS has recently indicated that it is giving greater scrutiny to certain business arrangements entered into by nonprofit entities.

The failure of the Borrower to remain qualified as a tax-exempt organization could affect the amount of funds available to pay debt service on the Series 2017 Bonds. Such failure, as well as failure to comply with certain legal requirements, could cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds. In that event, the maturity of the Series 2017 Bonds may be accelerated, in the discretion of the Trustee. The Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of the interest on the Series 2017 Bonds. See the caption “**TAX MATTERS**” in this Official Statement.

The possible modification or repeal of certain existing federal income tax laws or property tax laws or other loss by the Borrower of the present advantages of such laws, or any legislation imposing additional conditions on tax-exempt organizations, such as requiring an increase in financial aid provided by the Borrower, could adversely affect the financial position of the Borrower.

Risk of Audit

The Internal Revenue Service (the “**Service**”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2017 Bonds. Owners of the Series 2017 Bonds are advised that, if an audit of the Series 2017 Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the Authority as the taxpayer, and the Owners of the Series 2017 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2017 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Amendment of the Indenture and Loan Agreement

Certain amendments to the Indenture and the Loan Agreement may be made with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondowners. See the captions “**SUMMARY OF THE INDENTURE**” and “**SUMMARY OF THE LOAN AGREEMENT**” in **Appendix C** to this Official Statement.

Enforcement of Remedies

The enforcement of the remedies under the Loan Agreement and the Indenture may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of charitable corporations and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Series 2017 Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (a) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors’ rights, (b) general principles of equity, and (c) the exercise of judicial discretion in appropriate cases.

No Mortgage or Debt Service Reserve Fund

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any property owned by the Borrower or any debt service reserve fund. The Series 2017 Bonds are secured solely by pledge of Unrestricted Gross Revenues pursuant to the terms of the Loan Agreement and the Indenture. See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**” in this Official Statement.

LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation against the Authority seeking to restrain or enjoin the issuance or delivery of the Series 2017 Bonds, or questioning or affecting the validity of the Series 2017 Bonds or the proceedings or authority under which they are to be issued, or which in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement or to secure the Series 2017 Bonds in the manner provided in the Indenture.

The Borrower

No litigation, proceedings or investigations are pending or, to the knowledge of the Borrower, threatened against the Borrower or its officers or property except litigation, proceedings or investigations (i) being defended by or on behalf of the Borrower in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Borrower and counsel of the Borrower responsible therefor, will be entirely within the Borrower’s applicable self-insurance and insurance policy limits (including primary and excess insurance policies and subject to applicable deductibles and self-insured retentions), or (ii) which will not have a material adverse effect on the operations or condition, financial or otherwise, of the Borrower. No litigation, investigations or proceedings are now pending or, to the Borrower’s knowledge, threatened against the Borrower which would in any manner challenge or adversely affect the corporate existence or powers of the Borrower to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Borrower of, the Loan Agreement, or the status of the Borrower as a Tax-Exempt Organization.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2017 Bonds by the Authority are subject to the approval of Armstrong Teasdale LLP, St. Louis, Missouri, Bond Counsel, whose approving opinion will be delivered with the Series 2017 Bonds. Bond Counsel has not reviewed this Official Statement except for (a) the cover page hereof, (b) the portions hereof describing the Series 2017 Bonds, (c) the portions under the captions “**THE SERIES 2017 BONDS**,” “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**,” and “**TAX MATTERS**,” (d) **Appendix C**, and (e) **Appendix D** and except for such portions Bond Counsel has not participated in the preparation of this Official Statement. Certain legal matters will be passed upon for the Authority by its counsel, Thompson Coburn, St. Louis, Missouri. Certain legal matters will be passed upon for the Borrower by its counsel, Husch Blackwell LLP, Kansas City, Missouri. Certain legal matters will be passed upon for the Underwriters by their counsel, Bryan Cave LLP, Kansas City, Missouri.

The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

THE FOLLOWING INFORMATION HAS NOT BEEN PREPARED OR FURNISHED BY THE AUTHORITY AND IS PROVIDED ONLY AS A MATTER OF CONVENIENCE TO POTENTIAL PURCHASERS OF THE SERIES 2017 BONDS, AND IS NOT INTENDED TO BE COMPREHENSIVE OR DEFINITIVE. POTENTIAL PURCHASERS ARE ADVISED TO SEEK APPROPRIATE PROFESSIONAL ADVICE WITH RESPECT TO THE MATTERS DISCUSSED BELOW WHICH MAY AFFECT SUCH POTENTIAL PURCHASERS.

U.S. Internal Revenue Service (the “**IRS**”) regulations state that only a formal opinion that meets specific requirements can be used to avoid tax penalties. Any tax advice in this communication is not intended or written to be used, and cannot be used by a taxpayer, for the purpose of avoiding penalties that may be imposed on a taxpayer, because it does not meet the requirements of a formal opinion.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under this caption “**TAX MATTERS**.” Prospective investors, particularly those who may be subject to special rules described below, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2017 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

The following is a summary of the material federal and State of Missouri income tax consequences of holding the Series 2017 Bonds. The summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not (1) discuss all aspects of federal income taxation that may be relevant to investors based upon their personal investment circumstances; (2) describe tax consequences of certain types of owners subject to special treatment under the federal income tax laws; (3) except for the income tax laws of the State of Missouri, discuss the consequences to an owner under any state, local or foreign tax laws; or (4) deal with the tax treatment of persons who purchase the Series 2017 Bonds in the secondary market.

Series 2017 Bonds

Federal Income Tax Consequences of Owning Series 2017 Bonds

The Internal Revenue Code of 1986, as amended (the “**Code**”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017 Bonds. The Authority has covenanted in the Indenture, the Borrower has covenanted in the Loan Agreement, and the Authority, the Borrower, and the Trustee have covenanted in the Tax Compliance Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel assumes compliance with these requirements. In addition, the Authority has made certain representations and certifications in the Indenture, the Authority and the Borrower have made certain representations and certifications in the Loan Agreement, and the Authority, the Borrower, and the Trustee have made certain representations and certifications in the Tax Compliance Agreement. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Bond Counsel, under existing law and assuming compliance with the aforementioned covenants and the accuracy of the aforementioned representations and certifications of the Authority, the Borrower, and the Trustee, interest on the Series 2017 Bonds (including any original issue discount properly allocable to any owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. However, interest on the Series 2017 Bonds will be included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership of, or the accrual or receipt of interest on, the Series 2017 Bonds.

State Taxes

Bond Counsel is of the opinion that, under existing law and assuming that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2017 Bonds (including any original issue discount properly allocable to any owner thereof) is excluded from taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri, as amended. Bond Counsel expresses no opinion as to whether interest on the Series 2017 Bonds (including any original issue discount properly allocable to any owner thereof) is exempt from the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended. All purchasers of Series 2017 Bonds should consult with their tax advisors regarding the taxation of interest on the Series 2017 Bonds in a particular state or local jurisdiction other than the State of Missouri.

Original Issue Discount

Bond Counsel is of the opinion that, subject to the conditions set forth above, any original issue discount (as defined below) (“**OID**”) in the selling price of any Series 2017 Bond sold in the initial offering to the public at a price less than the par amount thereof (hereinafter referred to as the “**OID Bonds**”), to the extent properly allocable to each owner of such Series 2017 Bond, is excluded from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding Underwriters and intermediaries) at which price a substantial amount of the OID Bonds were sold. Under

Section 1288 of the Code, original issue discount on the Series 2017 Bonds accrues on a compound basis. For any owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals: (1) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (3) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by any owner from a sale, exchange, payment, or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount rules and regulations for federal tax purposes require inclusion for state and local income tax purposes of an amount of interest on the OID Bonds as income, even though no corresponding cash interest payment is actually received during the tax year.

Other Federal Tax Matters

Ownership of the Series 2017 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2017 Bonds.

Interest paid on tax-exempt obligations such as the Series 2017 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2017 Bonds may be subject to backup withholding if such interest is paid to a Registered owner that (a) fails to provide certain identifying information (such as the Registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under this caption "**TAX MATTERS.**" Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2017 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Federal Tax Law and Post Issuance Events

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of interest on the Series 2017 Bonds, and thus on the economic value of the Series 2017 Bonds. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of interest on the Series 2017 Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of owners of the Series 2017 Bonds may be proposed or enacted.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017 Bonds may affect the tax status of interest on the Series 2017 Bonds. Bond Counsel expresses no opinion as to any federal, state, or local tax law consequences with respect to the

Series 2017 Bonds, or interest thereon, if any action is taken with respect to the Series 2017 Bonds or the proceeds thereof upon the advice or approval of other counsel.

FINANCIAL STATEMENTS

The consolidated financial statements of the Borrower for the years ended May 31, 2016 and 2015, are included in **Appendix B** to this Official Statement. Such consolidated financial statements have been audited by BKD, LLP, independent auditors, to the extent and for the periods indicated in their report which also appears in **Appendix B** to this Official Statement. The Borrower did not request BKD, LLP to perform any updating procedures subsequent to the date of its audit report on the May 31, 2016 consolidated financial statements.

Certain unaudited interim financial statements of the Borrower as of March 31, 2017 and 2016, and for the ten-month periods then ended are included in **Appendix A** to this Official Statement (see the caption “**FINANCIAL INFORMATION – Summary Financial Information**” in **Appendix A**). The unaudited interim financial statements were prepared by management of the Borrower in accordance with accounting principles generally accepted in the United States of America (GAAP). The unaudited interim financial statements should be read in conjunction with the audited financial statements, related notes, and other financial information included in this Official Statement, including the appendices. The unaudited interim financial statements for the ten-month period ended March 31, 2017 are not necessarily indicative of the results for the full fiscal year.

CONTINUING DISCLOSURE

The Authority

No financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2017 Bonds or to any decision to purchase, hold or sell the Series 2017 Bonds and the Authority will not provide any such information. The Borrower has undertaken all responsibilities for continuing disclosure to Bondholders as described below, and the Authority shall not have any liability to the holders of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”) adopted under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

The Borrower

In connection with the Series 2017 Bonds, the Borrower will enter into a Continuing Disclosure Agreement (the “**Continuing Disclosure Agreement**”) with The Bank of New York Mellon Trust Company, N.A., acting as dissemination agent (the “**Dissemination Agent**”), for the benefit of the beneficial owners of the Series 2017 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of the Rule. See the form of the Continuing Disclosure Agreement attached as in **Appendix E** to this Official Statement.

In connection with the issuance of certain previously issued bonds, the Borrower entered into continuing disclosure undertakings under the Rule, pursuant to which the Borrower agreed to file certain annual financial information and certain other information and notices with the MSRB through EMMA. While the Borrower has not made any determination as to materiality, the Borrower’s review of the last five years of filings revealed that (i) the Borrower failed to provide its audited financial statements and operating data for the fiscal year ended May 31, 2012 by the applicable filing due date (such information was filed approximately 15 days after the applicable filing due date), (ii) in each of the five years, the Borrower reported its worldwide enrollment but failed to provide a breakdown of such enrollment by domestic and international enrollments (such breakdown was filed in a supplemental filing on May 10, 2017), and (iii) in each case, the Borrower failed to provide notice that such information would not be available by the applicable filing due

date. The Borrower has adopted written bond policies and procedures to assist the Borrower in remaining in compliance with its continuing disclosure undertakings and, in connection therewith, intends to monitor the posting of its future submissions to confirm such submissions are posted to EMMA in a timely manner.

BOND RATING

Moody's Investors Service, Inc. has assigned its municipal bond rating to the Series 2017 Bonds as shown on the cover page hereof. Such rating reflects only the views of the issuing organization at the time such rating is given, and the Authority, the Underwriters and the Borrower make no representation as to the appropriateness of such rating. An explanation of the significance of such rating may be obtained only from such rating agency. The Borrower furnished such rating agencies with certain information and materials relating to the Series 2017 Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. None of the Authority, the Underwriters or the Borrower has undertaken any responsibility to bring to the attention of the holders of the Series 2017 Bonds any proposed revision or withdrawal of a rating of the Series 2017 Bonds, except as otherwise provided in the Continuing Disclosure Agreement, or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such a rating could have an adverse effect on the market price and marketability of the Series 2017 Bonds.

UNDERWRITING

The Bonds are being purchased by UMB Bank, N.A. ("**UMB**") and RBC Capital Markets, LLC (collectively, the "**Underwriters**"), for which UMB is acting as representative. The Underwriters have agreed to purchase the Bonds at an aggregate purchase price of \$54,344,762.85 (which is equal to the aggregate principal amount of the Bonds, plus net original premium of \$4,890,790.35 and less underwriters' discount of \$236,027.50), plus accrued interest, if any, to the date of delivery. The Purchase Contract with respect to the Bonds (the "**Bond Purchase Agreement**") provides that the Underwriters will purchase all of the Bonds if any are purchased. Pursuant to the Bond Purchase Agreement, the Borrower has agreed to indemnify the Underwriters and the Authority against certain liabilities. The obligation of the Underwriters to accept delivery of the Bonds is subject to the various conditions of the Bond Purchase Agreement.

The Underwriters intend to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Each Underwriter, together with its respective affiliates, is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, each Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or

related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and/or the Borrower.

Each Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority and/or the Borrower.

MUNICIPAL ADVISOR

North Slope Capital Advisors (“**North Slope**”) served as municipal advisor to the Borrower with respect to the issuance of the Series 2017 Bonds. As the Borrower’s municipal advisor, North Slope has assisted in the preparation of this Official Statement and in other matters relating to the planning, structure, rating and issuance of the Series 2017 Bonds. In its role of municipal advisor to the Borrower, North Slope has not undertaken to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement.

CERTAIN RELATIONSHIPS

In connection with the issuance of the Series 2017 Bonds, the attorneys or law firms identified under the caption “**LEGAL MATTERS**” in this Official Statement are acting as Bond Counsel and counsel to the Borrower, the Authority and the Underwriters, respectively. In other transactions not related to the Series 2017 Bonds, each of these attorneys or law firms may have acted, or be acting, as bond counsel and/or may have represented, or be representing, the Underwriters, the Authority, the Trustee, the Borrower or their affiliates in capacities different from those described under the caption “**LEGAL MATTERS**” in this Official Statement.

Kansas City Financial Corporation, an affiliate of UMB Bank, N.A., one of the Underwriters of the Series 2017 Bonds, is the owner of the Series 2015 Bonds.

Stephanie M. Hosler, a member of the Borrower’s Board of Trustees, is a partner of Bryan Cave LLP, the Underwriters’ counsel in connection with the issuance of the Series 2017 Bonds.

MISCELLANEOUS

The summaries or descriptions of provisions of the Series 2017 Bonds, the Loan Agreement, the Indenture and the Continuing Disclosure Agreement and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Series 2017 Bonds, the Loan Agreement, the Indenture and the Continuing Disclosure Agreement and such other materials for a full and complete statement of the provisions thereof. Such documents are on file at the offices of the Underwriters and following delivery of the Series 2017 Bonds will be on file at the offices of the Trustee.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2017 Bonds.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been duly authorized, executed and delivered by the Borrower. The Borrower has reviewed the information contained herein which relates to it and their facilities and operations and has approved all such information for use within this Official Statement.

WEBSTER UNIVERSITY

By: /s/ Ana Karaman, Ph.D.
Vice President and Chief Financial Officer

APPENDIX A

**WEBSTER UNIVERSITY -
ORGANIZATION, PROGRAMS, AND SUMMARY FINANCIAL INFORMATION**

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WEBSTER UNIVERSITY

HISTORY AND BACKGROUND

General

Webster University (the “**University**”) began in 1915 as a small Roman Catholic women’s college located in Webster Groves, Missouri, a suburb of the City of St. Louis, Missouri. In 1967, under the leadership of a new secular Board of Directors, the University became a nondenominational and coeducational institution. Today the University operates as a private, nonprofit, accredited university offering undergraduate and graduate education.

A founding principle of the University is to provide a higher education to those who might not possess the opportunity to obtain one. Flexible and practical programs and the commitment to creating the domestic extended campus network allowed the University to meet the needs of the non-traditional graduate student. The first programs for non-traditional graduate students were offered in Kansas City and St. Louis in 1972. The University now offers similar programs at more than 65 locations throughout the United States, including four St. Louis area campuses (one of which is the main campus), 22 metropolitan locations, seven corporate sites, and 32 military installations.

The University has not limited its expansion to the United States. In 1978, the University opened a campus in Geneva, Switzerland. The Geneva campus was followed by the establishment of other European campuses: Vienna, Austria; Leiden, the Netherlands and Athens, Greece. Asian campuses have also been added in Thailand (Bangkok and Cha-Am) and China (Beijing, Chengdu, and Shanghai). In Africa, Webster has one campus in Accra, Ghana.

While the graduate population grew, the University continued to remain committed to the undergraduate experience. The undergraduate programs hold true to the University’s long tradition of liberal arts education. The main St. Louis campus has a significant undergraduate presence, and there are undergraduate degree options at several of the extended campuses, all of the European campuses, Thailand and Ghana. The following charts set forth the main campus enrollment and the worldwide enrollment for Webster University for the current and five prior academic years.

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Main Campus Enrollment

Fall Enrollment	<u>Undergraduate</u>		<u>Graduate</u>		<u>Total</u>	
	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>
2012-2013	2,927	2,524	1,772	1,334	4,699	3,858
2013-2014	2,920	2,476	1,637	1,205	4,557	3,681
2014-2015	2,852	2,408	1,549	1,167	4,401	3,575
2015-2016	2,679	2,222	1,495	1,100	4,174	3,322
2016-2017 ⁽³⁾	2,560	2,127	1,380	1,014	3,940	3,141

Worldwide Enrollment

Fall Enrollment	<u>Undergraduate</u>		<u>Graduate</u>		<u>Total</u>	
	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>	<u>Headcount⁽¹⁾</u>	<u>FTE⁽²⁾</u>
2012-2013	4,965	4,481	15,614	13,192	20,579	17,673
2013-2014	4,997	4,471	15,247	12,593	20,244	17,064
2014-2015	4,935	4,440	14,099	11,565	19,034	16,005
2015-2016	4,630	4,148	12,751	10,542	17,381	14,690
2016-2017 ⁽³⁾	4,407	3,943	11,431	9,454	15,838	13,397

⁽¹⁾ Headcount based on students enrolled during fall semester

⁽²⁾ FTE based upon total credit hour enrollments throughout fiscal year. Undergraduate full time equivalency of 30 credit hours per year and graduate full time equivalency of 18 credit hours per year.

⁽³⁾ Enrollments as of May 1, 2017 for fiscal 2016-2017.

The University is also instrumental in supporting major cultural programs for the St. Louis community, including the Repertory Theatre, which is nationally known for its performances and for its interaction with the University's performing arts program, and the Opera Theatre of St. Louis, which has gained international acclaim as a regional opera company. The University's affiliation with these well-known organizations provides its students opportunities to work with professional performers. The University further supports these organizations by providing rehearsal space in the Loretto-Hilton Center on the University main campus and by providing other supportive services. The University is also home to the Community Music School.

Mission

The University, a worldwide institution, ensures high quality learning experiences that transform students for global citizenship and individual excellence.

Vision

The University's vision is to be a premier U.S.-based international university setting a distinct standard for global education. This vision is built on a foundation of excellence in teaching and enhanced by an international perspective that fosters dialogue, respect and understanding across boundaries and between peoples. The educational endeavors in support of this vision are meeting the needs and enriching a global mix of learners within an ever increasing network of students desiring a U.S. education in multiple parts of the world. The University is committed to offering these students a distinct personal experience and building the resources required to achieve this vision. The actions of the University are shaped by its core values.

Core Values

Students

By sustaining a personalized approach to education through small classes, close relationships with faculty and staff, and attention to student life.

Learning

By developing educational programs that join theory and practice, provide an international perspective, encourage creativity and scholarship, and foster a lifelong desire to learn and actively serve communities and the world.

Diversity

By creating an environment accessible to individuals of diverse cultures, ages, and socioeconomic backgrounds and instilling in students a respect for diversity and an understanding of their own and others' values.

Global Citizenship

By educating a diverse population locally, nationally, and internationally, acting responsibly toward the environment to foster a sustainable future, and strengthening the communities the University serves.

GOVERNANCE

University Board of Trustees

A Board of Trustees governs the University and is responsible for the University's overall direction. The President of the University is elected by the Board of Trustees and serves as the chief executive officer of the University. The Board of Trustees annually elects all officers of the University. The Board of Trustees meets quarterly, typically each January, April, June, and September.

Current officers of the Board of Trustees are as follows:

Amelia J. Bond, Chair of the Board (2007)
President and Chief Executive Officer
St. Louis Community Foundation

Elizabeth (Beth) J. Stroble, Ph.D. (2009)
President
Webster University

Julian Z. Schuster, Ph.D. (2010)
Provost, Senior Vice President and Chief Operating Officer
Webster University

Ana Karaman, Treasurer of the Board (2016)
Vice President and Chief Financial Officer
Webster University

Janelle Wiley (2013)
University Secretary
Webster University

Current non-officer members of the Board of Trustees are as follows:

<u>Name</u>	<u>Occupation / Professional Affiliation</u>	<u>Initial Year Elected to the Board</u>
Sheila Baxter	Brigadier General. U.S. Army, Ret.	2008
Bryan J. Benson	Brigadier General, U.S. Air Force, Ret. Vice President, Advance Programs, ViaSat, Inc.	2016
James (Lynn) Britton	President and CEO, Mercy	2013
W. Thomas (Tom) Chulick	Civic Leader	2016
Clark S. Davis	Principal Consultant, Cameron MacAllister Group	2012
Marilyn Fox	Civic Leader	2012
John (Jack) Galmiche III	President and CEO, Nine Network of Public Media	2014
Tracy E. Hart	President, Tarlton Corporation	2014
Laura Herring	Founder and Chairwoman, The Impact Group	2013
Stephanie M. Hosler	Partner, Bryan Cave LLP	2015
Carmen Jacob	CEO, NextGen Information Services, Inc.	2014
Kristin M. Johnson	Principal, Edward Jones	2014
Atul Kamra	Managing Partner, SixThirty	2016
Lisa Melandri	Executive Director, Contemporary Art Museum St. Louis	2016
Gregory L. Nelson	Sr. Vice President, General Counsel and Secretary, Ameren Corporation	2012
Margaret Onken	Executive Director, Hawthorn Foundation	2015
Robert Reeg	President, Operations & Technology, MasterCard	2016
Jane Robert	Honorary Board, American Friends of the Musée d'Orsay	2013
John A. (Jack) Schreiber	President and COO, Ret., Commerce Bank of St. Louis	2014
David Steward	Chairman, World Wide Technology, Inc.	2009

<u>Name</u>	<u>Occupation / Professional Affiliation</u>	<u>Initial Year Elected to the Board</u>
Steven O. Swyers	Partner, Ret., PricewaterhouseCoopers, LLP	2005
Anthony (Tony) Thompson	Chairman & CEO, Kwame Building Group, Inc.	2011
Markus Trice	Co-founder and Managing Partner, Compass Equity Advisors	2012
John (JT) Tvdik	Managing Partner, Missouri Market, PricewaterhouseCoopers, LLP	2015
Patricia D. Whitaker	Founder and Chairman, Arcturis	2011
Lynn Wittels	President & CEO, St. Louis Jewish Community Center	2012
Scott E. Wuesthoff	Brigadier General, U.S. Air Force, Ret.	2014
Peter Wyse Jackson	President, Missouri Botanical Garden	2013

Honorary Trustees

Robert Q. Costas

Franklin A. Jacobs

Administrative Officers

The President of the University is elected by the Board of Trustees and is charged with the principal responsibility for the administration of the University. The following represent the Webster University Administrative Council members.

Elizabeth (Beth) J. Stroble, President. Elizabeth (Beth) J. Stroble was named the 11th President of the University in 2009. During her tenure, the University has solidified its reputation as a global university. The University expanded into Africa and Greece and built partnerships with communities and institutions around the world. Dr. Stroble has focused attention locally as well, with the opening of the Gateway Campus in the Arcade Building in downtown St. Louis and breaking ground for a new Interdisciplinary Science Building on its Webster Groves campus, which is anticipated to open in August 2017.

Understanding that financial leadership and stability is critically important, under Dr. Stroble's leadership, the University has more than doubled its endowment, has seen a 500% increase in scholarship dollars distributed to students from private sources and has established the University's first four endowed faculty positions, as well as increasing net assets by over \$100 million. The University celebrated its 100th anniversary in 2015 and became five-time national Chess champions. Strengthening Webster's academic profile and global outreach has attracted support from corporations, foundations, and government sources.

Dr. Stroble serves on numerous national and local boards of educational and advocacy organizations, as well as other non-profits, including the Association of American Colleges and Universities President's Trust, Global Federation of Competitiveness Councils, Mercy Hospital St. Louis, the St. Louis Regional Chamber, Urban League of Metropolitan St. Louis, Opera Theatre St. Louis, the Repertory Theatre, and The Municipal Theatre Association (MUNY) of St. Louis. As a member of the Council of Independent Colleges Project for the Future of Independent Higher Education, Dr. Stroble hosted their forum in St. Louis in March 2017.

Dr. Stroble earned a bachelor of arts degree in history and English from Augustana College in Rock Island, Illinois, and two master of arts degrees, one in history and one in American and English literature, both from Southern Illinois University-Edwardsville. She received her doctorate in curriculum studies from the University of Virginia. Her career includes academic and administrative appointments at the University of Akron, the University of Louisville, and Northern Arizona University.

Julian Schuster, Provost, Senior Vice President and Chief Operating Officer. In his role as Provost, Senior Vice President and Chief Operating Officer, Julian Schuster serves as chief academic officer and chief advisor to Dr. Stroble, and has direct involvement in the strategic and day-to-day leadership of the institution.

Dr. Schuster assumed his position at Webster in July 2010, after serving as Founding Dean of the Hamline School of Business at Hamline University in St. Paul, Minnesota. Prior to that, he served in several capacities at the University of New Haven from 1996 to 2006, including chair of the Department of Economics and Finance, director of the doctoral program, director of the Executive MBA Program, and associate dean and dean of the School of Business.

Over the course of his career, Dr. Schuster has pioneered global alliances and promoted strategic investment in academic excellence, strengthening and expanding collaborations with more than a dozen international partner institutions.

Dr. Schuster received bachelor's, master's and doctoral degrees in economics from the University of Belgrade, one of the oldest and largest universities in the western Balkans. He currently serves on the Board of Governors of the University Avenue Business Association and on the Editorial Board of the International Journal of Pluralism and Economic Education. Dr. Schuster's professional memberships include the American Economic Association, the Eastern Economic Association and the American Association for the Advancement of Slavic Studies.

Ana Karaman, Ph.D., Vice President and Chief Financial Officer. Ana Karaman leads the Office of Finance and Administration, where she provides oversight of financial policy and direction for long-term budgetary planning, cost management and investment opportunities in alignment with the University's strategic plan. Her position is part of the University's senior leadership team and Provost's Council, among other leadership positions.

Dr. Karaman joined the University in September 2016, bringing her experience overseeing university finances, planning, and administration at several institutions, including a multi-campus institution. In addition to her administrative roles, she continues a successful academic career as a faculty member in political science, international relations, comparative law, and political economy.

Prior to joining the University, she served as vice chancellor for Administration, Planning and Finance at University of Washington Bothell, as vice provost for Institutional Planning, Budget and Effectiveness and tenured professor of political science at the University of San Francisco, and as associate vice president for Business and Financial Affairs at Samford University in Birmingham, Alabama, where she began as assistant professor of political science. Karaman holds a Ph.D. in political science from the University of Wisconsin-Milwaukee, where she also earned a master of science degree in criminal justice and taught for three years. She has served two National Science Foundation Fellowships; the first at Harvard University and the second at Princeton University. She also graduated with a degree in jurisprudence from the Far-Eastern State University in Vladivostok, Russia.

Patricia Reardon Arnold, Interim Vice President for Advancement. Ms. Arnold has more than 20 years of experience as a fundraising professional in St. Louis. She most recently worked as President of the Mercy Health Foundation where she and her team of 55 employees raised more than \$156 million in six

years and were responsible for all aspects of fundraising for more than 19 hospital foundations in seven states.

Prior to that, Ms. Arnold worked at the Missouri Botanical Garden as Vice President of Institutional Advancement. During her time there, her team managed a membership program of 33,000 households providing more than \$2.5 million in annual operating income. She also developed and implemented the “Stewards of the Earth” campaign with proceeds exceeding a \$75 million goal.

Ms. Arnold has a strong reputation in the St. Louis community and fundraising industry. She was honored as the St. Louis Business Journal’s “Most Influential Business Woman” in 2010 and has also been honored with the Association of Fundraising Professional’s Outstanding Fundraising Executive in 2006. Additionally, she is on the board for the Women’s Foundation of Greater St. Louis, the board for the Fair St. Louis Foundation and is a member of St. Louis Forum.

FACILITIES

Campuses

The University’s main campus is located in Webster Groves, Missouri, a suburb of the City of St. Louis. The University also maintains three additional campuses in the St. Louis metropolitan area. In addition to its St. Louis campuses, the University maintains over 54 extended campuses, including a campus in the District of Columbia and one or more campuses in each of the following states:

Arizona	Maryland
Arkansas	Missouri
California	North Carolina
Colorado	Oklahoma
Florida	South Carolina
Georgia	Tennessee
Illinois	Texas
Kansas	Utah
Kentucky	Virginia

The University also has locations outside of the United States in the cities/countries below. Instruction is provided in English at all of these international locations. The University encourages students to transfer amongst the international campuses to experience a variety of cultures.

<u>Webster Locations</u>	<u>Webster Programs at Partner Institution</u>
Accra, Ghana	Chengdu, China
Athens, Greece	Shanghai, China
Cha-Am/Bangkok, Thailand	
Geneva, Switzerland	
Leiden, The Netherlands (as well as a branch in Amsterdam)	
Vienna, Austria	

The University also has educational partnerships with universities in Mexico, Japan, China, Belgium, the United Kingdom, Italy, Germany, and Spain.

Existing Facilities

There are currently 33 buildings on the main campus of the University, occupying approximately 47 acres. The main campus provides housing in residence halls (living quarters for approximately 457 students) and six apartment buildings (116 individual apartments, which house approximately 268 married and single students).

The following table sets forth the percentage utilization of the residential halls on the University's main campus for the preceding five fall semesters:

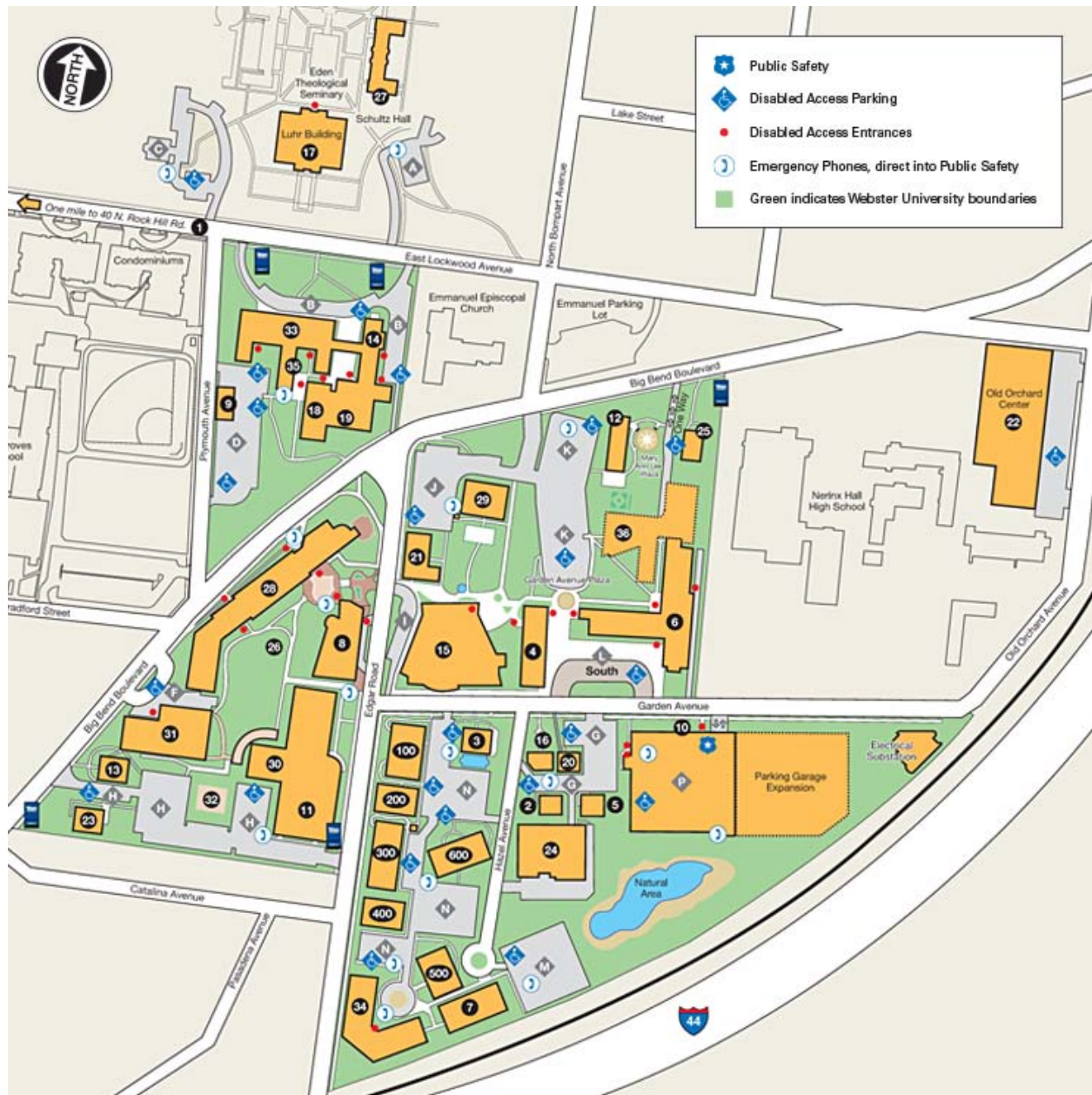
	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>
East Hall ⁽¹⁾	100%	108%	99%	96%	97%
Maria Hall	98	97	96	94	96
West Hall	99	100	96	92	96
WVA	99	99	98	100	99
Total	99	100	97	96	97

⁽¹⁾ East Hall can exceed 100%, which is based on double occupancy, because some units allow for triple occupancy.

The University's library system serves all campuses with separate collections as well as interlibrary loan programs. The library system holdings include over 400,000 physical and digital books, periodicals and media, in addition to furnishings and computer equipment.

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The following map depicts the University's main campus:



In addition to the facilities on the Webster Groves campus, the University also owns the following buildings:

- Old Orchard Shopping Center – small outdoor retail center located in Webster Groves, Missouri. This facility is comprised of 13 individual store fronts and a total of 35,710 square feet of space.
- 40 North Rock Hill – an office/warehouse facility approx. 19,000 square feet.
- Praterstrasse 23 & 21 Vienna, Austria – an international campus consisting of two adjoining buildings in the central business district of Vienna, Austria, Praterstrasse 23 is a 5,000

square meter (53,800 square foot) main campus, housing classrooms, library, labs, faculty and administration offices. In 2014, this facility underwent a €7,000,000 (approximately \$7.6 million USD) renovation and repurposing of the building.

- 23 individual residential houses surrounding the main campus in Webster Groves. Some are occupied by University administrators and the remainder are rental properties.

Recent Campus Improvements

The following describes substantial improvements to the University's main campus since 2012:

2012

- Completed construction of the East Academic Building (EAB) (for \$27.6 million), home of the George Herbert Walker School of Business & Technology. This is a three-story, 93,000 square foot academic building, including classrooms, computer labs and faculty offices. The EAB was funded by the Series 2011 Bonds, which are being refunded with the issuance of the Series 2017 Bonds.

2015

- Completed the construction of a new electrical substation and campus electrical distribution system for \$5.6 million, including upgrades to the facilities necessary to power all the campus expansions.

2017

- The University developed the current slate of projects to meet the growing demand for instructional space, create much needed infrastructure for future campus master plan projects, improve the student recruitment experience and address other needs.
- Completed an 852-space addition to the four story parking garage, to provide additional parking for students, faculty and staff, for \$12.3 million.
- The University is in final construction of a new 84,000 square foot Interdisciplinary Science Building (ISB), with anticipated final cost of \$47.5 million. Upon completion, this facility will house the University's College of Arts & Science. The ISB includes 32 new high-tech science labs and office space for the majority of the College's faculty. ISB was partially funded by the Series 2015 Bonds.

The current campus improvement plan reflects the University's continuing success and stature as a global university. Future projects in the campus improvement (three-year) plan focus on renovating and updating current instruction facilities, including renovations to Sverdrup Hall to become the new home of the School of Communications.

OPERATIONS

Academic Programs

The University offers Bachelor of Arts (B.A.) and Bachelor of Science (B.S.) degrees, which are grounded in the liberal arts. The University also offers baccalaureate programs that are professional and restrictive in content, application, and intent. These professional degrees include the Bachelor of Business

Administration (B.B.A.), Bachelor of Fine Arts (B.F.A.), Bachelor of Music (B.M.), Bachelor of Music Education (B.M.Ed.), and Bachelor of Science in Nursing (B.S.N.). The University offers graduate education in a large number of fields and disciplines of study.

The main campus of the University contains five schools and colleges:

College of Arts & Sciences Departments

Anthropology & Sociology
Biological Sciences
English
History, Politics & International Relations
International Languages & Cultures
Legal Studies
Nurse Anesthesia
Nursing
Philosophy
Professional Counseling
Psychology
Religious Studies

Leigh Gerding College of Fine Arts Departments

Art, Design, & Art History
Conservatory
Dance
Music

George Herbert Walker School of Business & Technology Departments

Business
Management
Math & Computer Science

School of Communications Departments

Audio Aesthetics & Technology
Communications & Journalism
Electronic & Photographic Media

School of Education Departments

Language, Literacy, and Leadership
Multidisciplinary Studies
Teacher Education

During the 2015-2016 academic year, the University awarded 1,164 undergraduate degrees and 5,124 graduate degrees. During the five-year period between June 2011 and May 2016, the University awarded an average of 1,193 undergraduate degrees per year and 5,669 graduate degrees per year.

International Operations

The University's international locations allow it to provide students with an international education. Several universities and colleges within the United States have chosen to affiliate with the University in order to take advantage of its international operations. The University currently has 33 affiliate institutions that participate by sending students to its international campuses.

The University has international locations in Geneva, Switzerland, Leiden, The Netherlands, Vienna, Austria, Athens, Greece, and Accra, Ghana. The University's China and Thailand programs are affiliations and/or partnerships with other institutions.

Non-Traditional Programs

“Traditional” operations in higher education have historically been defined as undergraduate and graduate programs that hold classes during daylight hours on weekdays from August to May and have students taking between 12 and 18 credit hours a semester. While the University maintains successful “traditional” higher education programs, it has been a recognized leader in “non-traditional” programs providing a wide variety of educational opportunities for the non-traditional student, including offering students the opportunity to earn a degree by attending courses exclusively on nights and weekends.

The University enables service men and women stationed throughout the world to earn a degree at the University by providing online courses and extended and international campuses throughout the world, including campuses located on Air Force, Army, Marine, and Naval bases. See the caption “Military Campuses” below.

The University began offering online courses and programs in 1999 and currently offers a robust online learning experience to students globally in our WorldClassRoom. Students based in any campus are able to include online courses in their programs of study, or may complete their entire degree online. Year-to-date, in the 2016-17 academic year, more than 9,800 students have enrolled in online classes at the University. Over 3,000 of those students are enrolled in fully online programs, while others incorporate at least one online class into their campus-based programs of study.

WebNet+ courses provide a global learning experience through live video connections between faculty and students across the University network. Students have access to courses, classmates, and faculty experts wherever they are located. Programs with WebNet+ courses are indicated in the “Online Offerings” list for each school/college that follows the online enrollments table below.

2016-17 Academic Year Graduate and Undergraduate Online Enrollments

	<u>Headcount</u>	<u>Credit Hours</u>
All students in online courses	9,810	67,653
Fully online	3,095	27,635
Metro	1,722	10,224
Military	2,167	12,641
St. Louis	2,405	14,840
International	421	2,313

Online Offerings of the College of Arts & Science

Undergraduate Degrees:

- Bachelor of Arts in Criminology
- Bachelor of Arts in General Studies
- Bachelor of Arts in Religion and Global Society
- Bachelor of Science in Nursing (RN to BSN)

Undergraduate Certificates:

- Professional Writing

Graduate Degrees:

- Master of Arts in Gerontology
- Master of Arts in International Relations
- Master of Arts in Legal Studies (offered via WebNet+)
- Master of Science in Environmental Management
- Master of Science in Science Management and Leadership

Graduate Certificates:

- Applied Gerontology Enhancement & Specialization
- Environmental Sustainability
- Gerontology
- Paralegal Studies (offered via WebNet+)
- Science Management & Leadership

Online Offerings of the School of Communications

Undergraduate Degrees:

- Bachelor of Arts in Media Communications

Graduate Degrees:

- Master of Arts in Advertising and Marketing Communications
- Master of Arts in Media Communications
- Master of Arts in Communications Management
- Master of Arts in Public Relations

Online Offerings of the School of Business and Technology

Undergraduate Degrees:

- Bachelor of Arts in Management
- Bachelor of Science in Data Analytics

Undergraduate Certificates:

- Website Design
- Website development
- Data Analytics

Graduate Degrees:

- Master of Business Administration
- Master of Arts in Business and Organizational Security Management
- Master of Arts in Change Leadership (ending with new catalog)
- Master of Arts in Human Resource Development
- Master of Arts in Information Technology Management
- Master of Arts in Management and Leadership
- Master of Arts in Procurement and Acquisitions Management
- Master of Public Administration (offered via WebNet+)
- Master of Science in Cybersecurity
- Master of Science in Finance
- Master of Science in Space Systems Operations Management (offered via WebNet+)

Graduate Certificates:

- Change Leadership: Foundations (ending with new catalog)
- Change Leadership: Managing Complexity for Total Systems Results (ending with new catalog)
- Change Leadership: Managing Teamwork and Communication (ending with new catalog)
- Cybersecurity
- Global Business
- Government Contracting
- Project Management

Online Offerings of the School of Education

Undergraduate Degrees:

- Bachelor of Arts in Educational Studies

Graduate Degrees:

- Educational Leadership (Ed.S.)
- Educational Technology Leadership (Ed.S.)
- Master of Arts in Communication Arts
- Master of Arts in Education and Innovation
- Master of Arts in Multimodal Literacy for Global Impact
- Master of Arts in Special Education
- Master of Arts in Teaching English as a Second Language
- Master of Educational Technology (MET)
- School Systems, Superintendancy and Leadership (Ed.S.)

Graduate Certificates:

- Applied Behavior Analysis
- Education for Global Sustainability
- Leadership in Tiered Systems of Support: RTI and PBIS
- Mobile Technology in Education
- Online Teaching and Learning
- Pedagogical Coordination in the Reggio Emilia Approach
- Psychoeducational Needs of Immigrant and Refugee Youth
- Teaching English as a Foreign Language
- Teaching Globalization and History
- Tiered Instruction and Interventions: RTI & PBIS

Military Campuses.

In 1974, at the invitation of the United States Department of Defense, the University offered its first programs at a military base, which was located at Fort Sheridan, Illinois. Since opening the Fort Sheridan Base, the University has greatly expanded its military educational programs.

As of the Spring of 2017, the University had a presence on 32 military bases across the United States. The University's on-line programs allow military personnel to continue their graduate education wherever their current assignment takes them.

The University can count 234 United States Army general officers as alumni, one Admiral, two Vice Admirals, nine Generals, 95 Brigadier Generals, 31 Lieutenant Generals, and 96 Major Generals.

Accreditation

The Higher Learning Commission accredits the University. The University's accreditation, which was initially awarded in 1925, includes undergraduate and graduate levels at all locations where the University offers programs. This accreditation was renewed for ten years in 2008; the next comprehensive reaccreditation visit will occur in March 2018. The University also holds appropriate licensure, accreditations, or approvals within the recognized state approval agencies for all locations where the University offers programs. In addition, the University has attained accreditation or approval by a number of professional bodies for specific programs. The University also holds accreditations or recognitions in several international locations.

Specialized:

Accreditation Council for Business Schools and Programs (ACBSP)

- The business and management programs of the George Herbert Walker School of Business and Technology are accredited by the Accreditation Council for Business Schools and Programs (ACBSP).

National Association of Schools of Music (NASM)

- The Department of Music, Leigh Gerding College of Fine Arts, holds specialized accreditation for its undergraduate (BM, BA, BMEd) and graduate (MM) degree programs from the National Association of Schools of Music (NASM). Accreditation expires 2019-2020.

Accreditation Commission for Education in Nursing (ACEN)

- Nursing programs and degrees received initial accreditation from the National League for Nursing (NLN) in 1989. In May 2013, per the U.S. Department of Education, the accreditation organization changed its name to the Accreditation Commission for Education in Nursing (ACEN), with no change in accreditation standards, policies or procedures. The most recent evaluation visit by the ACEN occurred in October 2015, with continued accreditation affirmed in with conditions in March 2016. A report is due March 2018 and, if accepted, accreditation expires in Fall 2023.

Council On Accreditation (COA) of Nurse Anesthesia Educational Programs

- The MS in Nurse Anesthesia is offered by the Department of Nurse Anesthesia, College of Arts & Sciences. The program began in September 1997, with initial accreditation from the Council on Accreditation (COA) of Nurse Anesthesia Educational Programs. The most recent review occurred in October 2011, which resulted in continued accreditation. Accreditation expires 2019.

Council for the Accreditation of Educator Preparation (CAEP)

- The School of Education achieved initial accreditation by the National Council for Accreditation of Teacher Education (NCATE) in the Fall of 2007 for both initial and advanced programs, covering all programs and locations where the University offers education programs. The most recent NCATE legacy visit occurred in the Fall of 2013, with continued accreditation awarded in the Spring of 2014. In 2013, NCATE consolidated with the Teacher Education Accreditation Council (TEAC) into the Council for the Accreditation of Educator Preparation (CAEP).
- In addition to unit-level accreditation, the following seven graduate programs in the School of Education have received national recognition through the Specialized Professional Association process: MA in Reading (Spring 2011); EdS in School Systems, Superintendency and Leadership (Spring 2013); EdS in Educational Leadership (both online and on-ground in Spring 2013); MAT in Early Childhood (Spring 2013); MA in Early Childhood (Summer 2014); and MA in Teaching English as a Second Language (Spring 2015).

Department of Elementary and Secondary Education (DESE) of the State of Missouri

- The School of Education offers 27 professional education programs that have been approved for Teacher Certification by the Department of Elementary and Secondary Education (DESE), State of Missouri. DESE participated in the NCATE visit in the Fall of 2013, which resulted in continuing approval of the University's professional education programs. Beginning in 2017, DESE began to categorize initial programs publically in a four-tier system. Only programs with more than 15 completers in the past five years and sufficient data received public rankings. The following seven Webster University programs

received rankings and all were ranked in the higher tier, Tier I: Art K-12, Early Childhood Education B-3, English 9-12, Mathematics 9-12, Mild/Mod Cross Categorical K-12, Principal K-8, and Social Science 9-12.

Council for Accreditation of Counseling and Related Education Programs (CACREP)

- The MA in Counseling with an Emphasis in Clinical Mental Health earned accreditation from the Council for Accreditation of Counseling and Related Educational Programs (CACREP) in January 2016. This accreditation covers the counseling program at the Webster Groves, MO campus.

National Board for Certified Counselors, Inc. (NBCC)

- The University is registered as an Approved Continuing Education Partner (ACEP) with the National Board for Certified Counselors, Inc. (NBCC).

American Bar Association (ABA)

- The St. Louis, MO campus' BA in Legal Studies, MA in Legal Studies, and Paralegal certificates are approved by the American Bar Association (ABA). Accreditation expires August 2020.

International:

China (Ministry of Education)

- Tong Tu, the Webster University foundation in China, is authorized to provide educational consulting services in China.
- The Webster University MBA program, offered in partnership with the University of Electronic Science and Technology in Chengdu (accreditation expires December 2020) and with Shanghai University of Finance and Economics in Shanghai (accreditation expires December 2021), is officially recognized by the Ministry of Education in China.

Thailand (Ministry of Education)

- The University Thailand is accredited as a private university by the Thailand Ministry of Education under Thai law. Accreditation expires August 2018.

Austria (Ministry for Science and Research)

- The University in Vienna is accredited by the Austrian Ministry for Science and Research as a private university under Austrian law. Accreditation expires January 2022.

Netherlands (Netherlands-Flemish Accreditation Agency)

- Some University programs in the Netherlands are accredited by the Netherlands-Flemish Accreditation Agency (NVAO). The University is an approved institute of higher education under Dutch law. Accreditation expires March 2022.
- Students in Leiden can pursue a dual degree in International Business and Management Studies that awards an American BA in Management or BS in Business Administration degree and a Dutch HBO bachelor degree in International Business and Management Studies. This accredited program opens the Dutch undergraduate market by providing Webster students with studiefinanciering (governmental financial aid and other benefits). Accreditation expires April 2020.

Greece (Ministry of Education, Research and Religious Affairs)

- The University, through its Athens campus, Webster Athens, is accredited and licensed to operate in Hellas (Greece) by the Ministry of Education, Research and Religious Affairs of the Hellenic Republic. Accreditation expires August 2018.

Ghana (National Accreditation Board of Ghana)

- The University Ghana is accredited by the National Accreditation Board of Ghana. Accreditation expires August 2021.

DoD Voluntary Education Institutional Compliance Program:

A new process for the third-party evaluation of education institutions is being implemented by the Department of Defense in 2017. University campuses on military bases will participate in this DOD Voluntary Education Institutional Compliance Program (ICP). ICP reviews will examine the collegiate educational programs offered on-site at military bases and assist in the improvement of these programs through recommendations to the installation center, the participating institutions, and to the military services. The review process focuses on maintaining and improving the quality of military education, and on assuring compliance with the tenants of the DOD Voluntary Education Partnership Memorandum of Understanding (DOD MOU). This MOU, which the University has signed, represents an agreement to abide by a set of behaviors, processes and policies focused on improving services to military-connected students.

State Licensure Approvals:

The University has extended-campus programs in 18 states and the District of Columbia, and holds proper authorizations at all locations. Operations outside of the University's home state of Missouri require state licensure, authorization, approval, certification; or valid Memoranda of Understanding for federal military bases. In addition, the University is licensed to offer its online courses to the residents of all 50 states either through individual state approvals, exemptions or through the NC-SARA reciprocity agreements for state authorization.

Faculty and Staff

Domestically, as of the Fall of 2016, the University had a full-time faculty of 210 and a part-time faculty of 1,196. Each term, approximately 672 adjunct faculty members are given academic appointments at the main campus in St. Louis. An additional 576 adjunct faculty members provide instruction each semester at the University's extended-campus programs in the United States. Approximately 2,750 professional practitioners have been approved to teach at the University. Many adjunct faculty members remain with the University on a long-term basis (61% have five or more years of teaching service with the University), and they contribute to curriculum development and to curricular reform.

The following table sets forth the University's part-time and full-time faculty, including the percentage of full-time faculty with tenure during the current and four prior academic years.

<u>Academic Year</u>	<u>Part-Time Faculty</u>	<u>Full-Time Faculty</u>	<u>Percentage of Full-Time Faculty with Tenure</u>
2012-13	1,503	208	21%
2013-14	1,450	212	25
2014-15	1,472	220	23
2015-16	1,235	209	23
2016-17	1,196	210	33

A profile of the University's 2016-2017 full-time faculty is set forth in the chart below:

<u>Status</u>	<u>Number of Faculty</u>	<u>Percentage of Faculty</u>
Tenure	70	34%
FDL	85	41
Probationary	40	20
Visiting	2	1
Administrator	<u>8</u>	<u>4</u>
Total	205	100%

As of the Fall of 2016, the University has 816 full-time, non-faculty employee positions in the United States.

In addition to faculty and staff, the Webster Groves campus uses contracted services for housekeeping and food service. Other professional services are utilized on ad hoc basis (such as landscaping, maintenance work, background checks and security monitoring).

Pension Plans. The University participates in a defined contribution retirement plan which covers regular full-time employees through the Teachers Insurance and Annuity Association (“***TIAA***”). Under this arrangement, the University and plan participants make monthly contributions to TIAA to purchase individually owned annuity contracts. The plan provides for the University to contribute an amount up to 9.5% as specified by the plan agreement. Vesting provisions are full and immediate. There are no unfunded past service costs.

The University participates in an unfunded defined benefit postretirement plan which provides certain health, vision and dental benefits to eligible employees. Employees age 55 and over become eligible for benefits after completing 15 years of full-time service. The plan is contributory; with retiree contributions adjusted periodically and contains cost-sharing features such as deductibles and coinsurance. Effective June 1, 2014, the plan was amended, requiring all new early retiree enrollees (age 55-65) to pay 100% of premiums for the plan.

Competition

For Online programs, the University competes with Central Michigan University, Columbia College (Columbia, MO), Strayer University (Herndon, VA), Troy University (Troy, AL), the University of Maryland and the University of Phoenix. In addition, the University competes with institutions located in or near the metropolitan areas in which the University maintains campuses. For example, the University's Florida campuses compete with University of Central Florida and Florida Institute of Technology, while the St. Louis campuses compete with Fontbonne University (Clayton, MO), Lindenwood University (St. Charles, MO), Saint Louis University and the University of Missouri.

The University's competitive strength remains in its international status and the quality of its degree programs. In addition, the University competes in affordability with its University-funded financial aid. See “**Financial Aid**” below.

STUDENT AND TUITION INFORMATION

Enrollment

Currently the University enrolls nearly 16,000 students around the globe who range from traditional college-age students to adult learners. They represent more than 140 nationalities.

The map displays the geographical distribution of data points across the United States. The points are concentrated in several key regions: the West Coast (California, Oregon, Washington), the Mountain West region (Colorado, Utah, New Mexico), the Great Plains (Kansas, Oklahoma, Texas), the Midwest (Illinois, Indiana, Ohio, Michigan, Wisconsin, Minnesota), the Northeast (New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida), and the Southeast (Alabama, Mississippi, Louisiana). The size of the red and blue circles indicates the magnitude of the data at each location, with the largest circles appearing in California, Texas, and the Northeast. The map also shows state boundaries and labels for major cities and geographical features like the Gulf of California and Gulf of Mexico.

Note: Locations may indicate more than one site. Military in red and metro in blue.

Below is a breakout of the University's Fall 2016 headcount by segment and the total unduplicated worldwide enrollment.

	Undergraduate <u>Headcount</u>	Graduate <u>Headcount</u>	<u>Total</u>
Main Campus (Webster Groves, MO)	2,560	1,380	3,940
Metro Campuses (35 sites in 11 states)	410	3,620	4,030
Military Campuses (32 sites in 19 states)	34	3,159	3,193
International Campuses (10 sites in 8 countries)	1,244	610	1,854
Online	1,115	4,931	6,046
Total unduplicated worldwide enrollment	4,407	11,431	15,838

Note: Headcounts by campus type count the student once per campus; *e.g.*, if a student is enrolled Downtown and at Winghaven, the student is counted twice for Metropolitan. Total unduplicated worldwide enrollment eliminates any duplicate counting of students across segments.

Following are enrollment attrition rates for undergraduate and graduate students:

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
First Time, Full-Time Degree-Seeking Freshmen at WebG	21.2%	19.2%	23.0%	21.9%	25.2%
First Time, Full-Time Degree-Seeking Freshmen International	15.5%	22.6%	23.0%	25.4%	26.0%
New Degree-Seeking UG Transfers at WebG	20.4%	21.2%	17.9%	21.4%	22.9%
New Degree-Seeking UG Transfers International	18.4%	23.9%	13.2%	21.0%	19.4%
New Degree-Seeking Graduate Worldwide	22.6%	23.7%	22.5%	20.7%	23.3%

Student Recruitment Process at Webster University

The University's Office of Admissions employs a variety of approaches to identify students who may be interested in the educational opportunities offered at the University and to provide information about such programs to these students. These approaches include:

Admissions Staff Travel. The professional staff of the Admissions Office travels extensively throughout the year, visiting high schools, attending college fairs and college nights, and hosting group meetings to which students in various parts of the country who have expressed interest in the University are invited. Visits are made annually to cities in the United States and around the world.

Campus Visits. The University encourages all prospective students to visit the University to get a first-hand look at all that the University has to offer.

Home Page. Information concerning the University and the admissions process is also available to prospective students via the Internet on the University's home page at www.webster.edu.

Applications for admission to the freshman class of the University in each of the last five academic years and freshmen enrollment statistics are described in the following tables.

Freshman Applications (Main Campus Only)					
	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>
Applications	1,704	1,783	1,863	1,994	2,630
Acceptances	1,008	1,021	1,038	1,119	1,225
Acceptances as percentage of applications	59%	57%	56%	56%	47%
Enrollment	411	487	457	412	433
Enrollment as percentage of acceptance	41%	48%	44%	37%	35%

Freshman Standardized Test Scores & High School Rank (Main Campus Only)

	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>
Average ACT Score	24	24	24	24	24
Percentage in top 10% of class	20%	19%	17%	22%	16%
Percentage in top 25% of class	45%	45%	42%	48%	46%

In the Fall of 2016, students at the St. Louis campus of the University came from 30 different states and 12 different countries.

Tuition, Room, and Board

The University meets the costs of its education programs primarily through tuition and fees. Tuition is charged at different rates depending on the program and campus at which the student is enrolled. The following table sets forth the annual base tuition charged by the University during the last five academic years at the main campus.

Academic <u>Year</u>	Non- Conservatory Undergraduate <u>Flat Fee</u> ⁽¹⁾	Conservatory Undergraduate <u>Flat Fee</u> ⁽¹⁾	Undergraduate Flat Fee with Room and <u>Board</u>	Undergraduate per <u>Credit Hour</u> ⁽²⁾	Graduate per <u>Credit Hour</u> ⁽³⁾
2012-2013	\$23,010	\$26,720	\$32,960	\$590	\$625
2013-2014	23,700	27,520	33,900	610	645
2014-2015	24,500	28,400	35,100	630	665
2015-2016	25,300	29,250	36,430	650	685
2016-2017	26,100	30,100	37,560	670	705

(1) The undergraduate flat fee rate applies to students enrolled in 13-18 hours per semester. Conservatory undergraduates are those participating in the Theater program.

(2) Undergraduates are charged at the per credit hour rate if they take fewer than 13 credit hours, or per credit hour above 18 credit hours per semester.

(3) All graduate tuition is charged at the per credit hour rate.

Financial Aid

Through a variety of financial aid programs, the University makes every effort to meet the demonstrated financial need of accepted degree-seeking students who wish to attend the University on at least a half-time basis. Eligible students are U.S. citizens, U.S. nationals, permanent residents, refugees, or those who reside permanently in the Trust Territory of the Pacific Islands or the Commonwealth of the Northern Mariana Islands. (Documentation of applicable immigration status is required if the applicant is not a U.S. citizen.) Approximately 80% of the University's eligible undergraduates attending the main campus receive assistance through financial aid programs administered by the University.

Financial aid applicants are considered for aid from every program for which they are eligible, including:

- **Grants and scholarships** - awards that do not require repayment or service.
- **Long-term loans** - awards that require repayment, including principal and interest, over a period of several years after completion of study at the University.

• **Work-study** - awards that require the student to work part-time during the academic year.

A summary of the financial aid provided to the undergraduate students at the University is set forth in the tables below.

<u>Academic Year</u>	<u>Number of Undergraduates Enrolled</u>	<u>Number of Undergraduates Receiving Financial Aid</u>	<u>Percentage of Undergraduates Receiving Financial Aid</u>	<u>Total Amount of Financial Aid to Undergraduates</u>	<u>Average Aid Received per Undergraduate Student</u>
2015-2016	3,260	2,429	75%	\$31,059,243	\$12,787
2014-2015	3,459	2,717	79	51,974,600	19,129
2013-2014	3,528	2,862	81	28,235,120	9,866
2012-2013	3,502	2,573	73	31,420,544	12,212
2011-2012	3,686	2,251	61	78,100,296	34,696

Source: IPEDS

The following table sets forth the University's aggregate percentage discount on undergraduate full-time tuition for the last five academic years, based upon the stated payable tuition rates.

<u>Academic Year</u>	<u>Undergraduate Discount Rate</u>
2016-2017 ⁽¹⁾	57.0%
2015-2016	55.8
2014-2015	58.8
2013-2014	60.3
2012-2013	58.5

⁽¹⁾ Estimated

Scholarships

The University funds the Webster University Scholarship Program through the University's annual operating budget. During the 2016-2017 academic year, the University has awarded and disbursed over \$14 million through this program to more than 1,600 new and returning undergraduate students who attend the main campus.

Scholarship funds are awarded each year to new students who intend to enroll at the University for the following fall semester. Students who enter the University in an entry term other than fall will have their applications for scholarship assistance considered in the spring for the following fall semester.

The following are application guidelines:

1. Applicants are seeking their first baccalaureate degree.
2. Applicants have a minimum cumulative grade average of B or better (as calculated by the University) on all prior work attempted in high school and/or college.
3. Applicants are accepted to the University as a degree-seeking student by April 1 (freshmen) or June 1 (transfers). The deadline for international students is March 1.

4. Applicants must enroll as full-time students and take 13 or more credit hours in each semester. (A limited number of scholarships for part-time students are offered.)

The selection process for scholarship candidates is competitive, and scholarship funds are awarded by the University without regard to financial need. Scholarship awards to new students in 2016-2017 academic year ranged from \$6,500 to full tuition. Awards apply only to fall and spring semester tuition charges at the University.

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FINANCIAL INFORMATION

Financial Records

The University maintains its financial records on the basis of a fiscal year ending May 31. The consolidated financial statements of the University as of May 31, 2016 and 2015 and for the years then ended are set forth in **Appendix B** to the Official Statement. Such consolidated financial statements have been audited by BKD, LLP, independent auditors, as stated in their report.

Budget Control

The University's annual budget process begins each December for the following fiscal year beginning June 1. Finance collects historical data and sends templates to departmental managers requesting their proposed cost budgets. Enrollment trends are reviewed and targets are set by Enrollment Management and Academic Affairs. Each International Director prepares a proposed consolidated budget. All of the proposed budgets are reviewed and analyzed by Finance and recommendations are made for a consolidated budget. The proposed consolidated budget is presented by the CFO and Provost to the Finance Committee for their review and approval. The Finance Committee presents the recommended budget to the full Board of Trustees for their approval.

Budget reports are distributed to the various division directors and managers on a monthly basis, noting any budget variance. In addition, a monthly report is submitted comparing the current fiscal year with the previous year.

Summary Financial Information

The summary of financial information included in the tables on the following pages has been derived from the audited consolidated financial statements of the University as of and for the fiscal years ended May 31, 2016, 2015 and 2014. The University's audited consolidated financial statements as of and for the years ending May 31, 2016 and 2015 are included in **Appendix B** to this Official Statement.

Also included in the following tables are summary financial information as of and for the ten-month periods ended March 31, 2016 and 2017, which have not been audited.

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Statement of Financial Position. The University's audited consolidated statement of financial position as of the end of the last three fiscal years, and its unaudited position as for the end of the ten-month periods ended March 31, 2016 and 2017, are set forth in the table below.

	<u>As of May 31,</u> (audited)			<u>As of March 31,</u> (unaudited)	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Assets					
Current Assets					
Cash	\$ 24,247,123	\$ 22,053,713	\$ 18,652,708	\$ 48,060,135	\$ 26,804,683
Current receivables, net	35,106,369	34,320,516	31,453,242	23,150,893	24,691,532
Short-term investments	45,481,148	29,460,735	13,484,765	478,515	235,405
Prepayments and deferred charges	<u>1,004,000</u>	<u>1,249,005</u>	<u>1,911,299</u>	<u>6,701,810</u>	<u>6,666,982</u>
Total current assets	\$ 105,838,640	\$ 87,083,969	\$ 65,502,014	\$ 78,391,353	\$ 58,398,602
Noncurrent contributions receivable	3,295,234	2,123,885	4,050,684	4,348,970	4,473,746
Student loans receivable, net	2,174,743	2,251,162	2,826,732	2,889,447	2,630,237
Property and equipment, net	152,276,695	154,728,109	181,763,100	179,698,896	198,887,628
Long-term investments	179,691,327	189,749,978	167,291,672	168,189,460	180,232,338
Escrowed bond investments	8,299,832	7,295,609	7,838,283	10,910,916	10,272,341
Beneficial interest in charitable remainder trust	5,388,946	5,749,632	5,443,440	5,749,632	5,443,440
Equity investment in joint venture	2,033,206	649,928	188,275	286,237	—
Long-term prepaid expense and other	864,060	820,742	828,259	1,110,645	780,333
Deferred bond issuance cost, net ⁽¹⁾	926,653	—	—	—	—
Gifts held in trust	<u>394,896</u>	<u>381,250</u>	<u>338,820</u>	<u>316,903</u>	<u>340,145</u>
Total Assets	<u>\$ 461,184,232</u>	<u>\$ 450,834,264</u>	<u>\$ 436,071,279</u>	<u>\$ 451,892,459</u>	<u>\$ 461,458,810</u>

⁽¹⁾ Prior to adoption of Accounting Standards Update No. 2015-03: Interest-Imputation of Interest

(Table continued on the following page)

	<u>As of May 31,</u> (audited)			<u>As of March 31,</u> (unaudited)	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Liabilities & Net Assets					
Current Liabilities					
Current maturities of long-term debt	\$ 3,338,716	\$ 3,351,459	\$ 6,829,890	\$ 6,768,183	\$ 3,424,981
Accounts payable and accrued expenses	16,181,524	17,157,127	17,847,202	12,867,910	12,844,615
Current accrued benefit costs	158,453	141,844	73,030	141,844	73,030
Deposits and deferred revenues	<u>28,398,354</u>	<u>26,462,217</u>	<u>27,725,277</u>	<u>39,972,190</u>	<u>39,893,876</u>
Total current liabilities	\$ 48,077,047	\$ 47,112,648	\$ 52,475,399	\$ 59,750,127	\$ 56,236,502
Annuities and trusts payable	649,294	613,907	541,112	466,184	414,512
Accrued benefit costs	680,377	425,444	245,046	486,926	315,168
Asset retirement obligation	1,953,057	1,994,161	2,037,163	1,994,161	2,037,163
Long-term debt	73,839,279	69,113,881	63,502,907	66,195,428	83,278,447
U.S. Government grants refundable	<u>1,621,718</u>	<u>1,627,661</u>	<u>1,634,713</u>	<u>1,636,808</u>	<u>1,657,527</u>
Total liabilities	<u>\$ 126,820,772</u>	<u>\$ 120,887,702</u>	<u>\$ 120,419,340</u>	<u>\$ 130,529,634</u>	<u>\$ 143,939,319</u>
Net Assets					
Unrestricted	\$ 287,391,495	\$ 281,260,115	\$ 268,126,487	\$ 271,758,667	\$ 269,262,746
Temporarily restricted	27,558,619	26,926,784	21,625,845	23,686,858	21,286,312
Permanently restricted	<u>19,413,346</u>	<u>21,759,663</u>	<u>25,889,607</u>	<u>25,917,300</u>	<u>26,970,433</u>
Total net assets	<u>\$ 334,363,460</u>	<u>\$ 329,946,562</u>	<u>\$ 315,651,939</u>	<u>\$ 321,362,825</u>	<u>\$ 317,519,491</u>
Total Liabilities & Net Assets	<u>\$ 461,184,232</u>	<u>\$ 450,834,264</u>	<u>\$ 436,071,279</u>	<u>\$ 451,892,459</u>	<u>\$ 461,458,810</u>

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Statement of Activities. The University's audited consolidated statement of activities for the last three fiscal years, and its unaudited results for the ten-month periods ended March 31, 2016 and 2017, are set forth in the table below.

	<u>Fiscal Year Ended May 31,</u> (audited)			<u>Ten-Month Period Ended March 31,</u> (unaudited)	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Tuition and fees, net of scholarship allowances	\$ 185,199,043	\$ 173,587,318	\$ 164,520,453	\$ 137,396,773	\$ 130,398,181
Auxiliary enterprises	10,447,233	10,984,298	11,071,725	9,122,525	9,388,587
Private gifts and grants	2,872,678	1,872,024	3,339,407	1,715,898	984,661
Investment return – operating	4,123,258	5,494,849	5,965,543	5,092,495	5,126,914
Federal grants and contracts	1,713,979	1,717,644	1,696,693	1,643,341	1,567,592
Other income	<u>3,452,981</u>	<u>3,582,068</u>	<u>4,217,558</u>	<u>2,764,953</u>	<u>2,895,988</u>
Total Revenue	\$ 207,809,172	\$ 197,238,201	\$ 190,811,379	\$ 157,735,985	\$ 150,361,923
Expenses:					
Instruction	\$ 80,488,247	\$ 82,077,603	\$ 78,848,140	\$ 55,864,381	\$ 55,565,875
Academic support	39,109,521	38,512,623	36,921,829	34,717,638	31,075,591
Institutional support	49,499,644	54,165,542	51,198,487	42,774,734	45,051,088
Student services	17,329,260	17,734,130	17,090,669	13,889,919	13,826,454
Auxiliary	10,227,339	11,275,197	11,547,334	9,495,833	9,742,785
Public service	1,106,233	1,139,277	1,163,678	848,587	839,166
Other expenses	<u>1,017,077</u>	<u>1,045,277</u>	<u>1,050,612</u>	<u>901,399</u>	<u>918,846</u>
Total Expenses	\$ 198,777,321	\$ 205,949,649	\$ 197,820,749	\$ 158,492,491	\$ 157,019,805
Changes in Net Assets from Operating Activities	\$ 9,031,851	\$ (8,711,448)	\$ (7,009,370)	\$ (756,506)	\$ (6,657,882)
Non-Operating Activities:					
Investment return – non-operating	12,198,079	2,019,066	(9,701,188)	(10,340,006)	7,663,931
Change in value of split-interest agreements	(19,753)	(76,602)	(62,482)	–	10,813
Permanent restricted private gifts and grants	<u>876,420</u>	<u>1,664,777</u>	<u>3,149,752</u>	<u>3,143,901</u>	<u>384,338</u>
Change in Net Assets from Non-operating Activities	<u>13,054,746</u>	<u>3,607,241</u>	<u>(6,613,918)</u>	<u>(7,196,105)</u>	<u>8,059,082</u>
Foreign Current Translation	<u>291,764</u>	<u>687,309</u>	<u>(671,335)</u>	<u>(631,126)</u>	<u>466,352</u>
Change in Net Assets	22,378,361	(4,416,898)	(14,294,623)	(8,583,737)	1,867,552
Net Assets, Beginning of Year/Period	<u>311,985,099</u>	<u>334,363,460</u>	<u>329,946,562</u>	<u>329,946,562</u>	<u>315,651,939</u>
Net Assets, End of Year / Period	<u>\$ 334,363,460</u>	<u>\$ 329,946,562</u>	<u>\$ 315,651,939</u>	<u>\$ 321,362,825</u>	<u>\$ 317,519,491</u>

Loan Programs

The University administers federal government loan programs, including the Federal Perkins Student Loan Program. Under this program, the federal government and the University contribute funds to the program. The University's share is not insured by a governmental agency under these programs. At May 31, 2016, the University had the following loan receivables outstanding:

	Total <u>Loan Value</u>	Value of University's Share in <u>Loans</u>	Default <u>Rate</u>
Perkins Program Loans	\$2,346,428	\$653,617	33.7%

For additional information relating to student loan receivables and the University's programs, see Note 3 to the audited consolidated financial statements attached as **Appendix B** to this Official Statement.

Outstanding Long-Term Debt

In July 2011, the Health and Educational Facilities Authority of the State of Missouri (the "**Authority**") sold its \$61,385,000 Educational Facilities Improvement and Refunding Revenue Bond Series 2011 (the "**Series 2011 Bonds**") and lent the proceeds to the University. The University used the proceeds of the Series 2011 Bonds, together with other funds contributed by the University, to (i) refund outstanding Series 2001 Bonds and Series 2005 Bonds and (ii) construct a new, approximately 90,000 square foot, academic classroom building on the University's main campus in Webster Groves, Missouri. The East Academic Building houses the George Herbert Walker School of Business and Technology and provides general purpose classrooms. The Series 2011 Bonds are anticipated to be refunded and defeased in full in connection with the issuance of the Series 2017 Bonds.

In October 2015, the Authority sold its \$26,000,000 maximum principal amount of Educational Facilities Revenue Bonds, Series 2015 (the "**Series 2015 Bonds**") and lent the proceeds to the University. The University used the proceeds of the Series 2015 Bonds to finance, refinance and reimburse the costs of certain improvements and renovations to certain education facilities including the academic interdisciplinary science building on the its main campus in Webster Groves, Missouri. The Series 2015 Bonds were issued as draw down bonds and, as of May 31, 2016, the University had drawn \$1,938,101 of the aggregate principal amount. The University was required to fully draw on the Series 2015 Bonds by May 31, 2017 and, as of the date hereof, the University has drawn the full amount of the Series 2015 Bonds

In addition to the 2011 and 2015 Bonds, the University also has notes payable to a Swiss bank, due in quarterly installments of 150,000 Swiss francs, \$150,000 USD, through 2030, secured by property owned in Geneva.

Management Discussion of Financial Results

Ten-Month Period Ended March 31, 2017.

For the ten months ended March 31, 2017, the University had a deficit from operations (unrestricted) of \$3.9M representing 2.6% of the University's unrestricted operating revenue – and in that context the deficit, while still meaningful, is manageable. The ability to return to financial balance going forward depends on an institutional commitment to managing costs and stabilizing enrollment.

Statement of Financial Position. Assets totaled \$461.5M which represents a \$9.6M, or 2.1% increase from March 31, 2016. Although cash and investments decreased by \$9.7M to \$207.3M during this period, the University invested in capital projects enabling progress on several significant projects including the Interdisciplinary Science Building and the parking garage expansion which were partially funded by bond proceeds of \$17.1M. And while through this period the University's endowment is having strong investment returns of \$5.1M, we are ever mindful of the volatility of the financial markets. Liabilities grew to \$143.9M, or 10.3%, since March 31, 2016, primarily from property and equipment of \$19.1M acquired through bond proceeds to date net of debt principal repayments. The University's total net assets decreased \$3.8M for the 12-month period.

Statement of Activities – Operating. The University's unrestricted operating revenues totaled \$153.1M. The major component of operating revenue is net student tuition and fees, which accounted for 85.2% of the total unrestricted revenue. The University made expenditure adjustments designed to help align expenditures with revenue, but on its own did not solve the financial shortfall. Operating expenses totaled \$157.0M, representing a decrease from the prior year. The largest categories contributing to the decrease were instructional costs due to lower enrollments and academic support costs related to metro site campus closures. Cost management continues to be challenging due to the labor and space intensive nature of higher education.

Statement of Activities – Non-Operating. Non-operating activities resulted in a gain of \$8.1M. The non-operating gain was driven by positive returns on investments of \$7.7M and gifts received by the University towards perpetual endowment of \$0.4M.

Looking Forward

The University has solid financial reserves, liquidity and debt service coverage for a private university; however, macro environmental issues related to demographic changes in the population and a price sensitive student population continue to suppress revenue growth and pressure operating margins in the higher education marketplace. While the University reported an operating deficit in FY16, the University's strong cash position allows the University to absorb these near-term losses. The University has a multiyear plan to return to financial balance going forward that depends on a proactive institutional commitment to managing costs and stabilizing enrollment. While the complex and disparate operations of the University requires significant central management oversight, the diverse enrollment mix, programming, and campus geography creates flexibility to adapt to changes in any market.

The Strategic Plan is generating new initiatives linked to enhancing existing programs, achieving accreditation in key programs, and investing in facilities. These strategic efforts are intended to provide an improved platform for future growth. The refunding of the 2011 Series Bonds is an important part of the University's Strategic Plan, as it will provide the University cash flow relief over the next few fiscal years of between \$2.0-2.7M per year, release the mortgage, and reduce the outstanding par amount by approximately \$5M.

Fiscal Year Ended May 31, 2016.

The University ended FY16 with a deficit from unrestricted operations of \$2.9M representing 1.5% of the University's unrestricted operating revenue — and in that context the deficit, while still meaningful, is manageable. The ability to return to financial balance going forward depends on an institutional commitment to managing costs and stabilizing enrollment.

Statement of Financial Position. Assets totaled \$436.1M which represents a decrease of \$14.8M, or 3.3%, from FY15. Cash and Investments decreased by \$41.8M as the University invested \$37.5M

in capital projects enabling progress on several significant projects including the purchase of the Palais Wenkheim in Vienna. It is important to note cash from operations generated \$8.4M ensuring operating needs were met as reported in the Consolidated Statement of Cash Flows. Liabilities decreased by \$0.5M to \$120.4M. As a result, the University's net asset position decreased by \$14.3M, or 4.3%, to a year-end balance of \$315.7M following a \$4.4M decrease in FY15.

Statement of Activities – Operating. The University's unrestricted operating revenues totaled \$194.9M for FY16. The major component of operating revenue is net student tuition and fees — which accounted for 84.4% of the total unrestricted revenue declined by \$9.1M, or 5.2%, driven by lower credit hour enrollments and additional tuition discounting. Student tuition discounting increased to \$31.6M in FY16, compared to \$30.0M in FY15 as a result of a change in the University's billing to qualified students enrolled in on-base, in classroom courses. Increase in scholarship allowances were offset by a similar increase in tuition revenue for the student population. However, on aggregate, unrestricted operating revenue only decreased by 2.0% as a result of the positive impact of a donor gift restriction release of \$3.6M, supporting the ongoing construction costs of the Interdisciplinary Science Building.

The University made expenditure adjustments designed to help align expenditures with revenue, but on its own did not solve the financial shortfall. Operating expenses totaled \$197.8M, representing a decrease of 3.9% from FY15. The largest categories contributing to the decrease were \$3.4M in reduced instructional costs due to lower enrollments and a currency exchange decrease of \$2.8M. Cost management was challenging due to the labor and space intensive nature of higher education.

Statement of Activities – Non-Operating. Non-operating activities created a loss of \$6.6M. The non-operating loss was driven by negative returns on investments of \$9.7M offset by gifts received by the University towards perpetual endowment of \$3.1M. The financial markets that have primarily driven growth of the endowment were volatile in FY16. However, the University's endowment payout approach ensures the impact of investment results are smoothed into the budget over a period of time.

Fiscal Year Ended May 31, 2015.

The University's total net financial position weakened during FY15, which reflects a decline in enrollment without proportional adjustments to expenses. The University made marginal budgetary expenditure adjustments designed to help align expenditures with revenue, but the University, like many other colleges and universities, is facing ongoing financial pressures.

Statement of Financial Position. Assets totaled \$450.8M which represents a decrease of \$10.3M, or 2.2%, from FY14. Cash and Investments decreased by \$8.2M while liabilities decreased by \$5.9M to \$120.9M. As a result, the University's net asset position decreased by \$4.4M, or 1.3%, to a year-end balance of \$329.9M following a \$22.4M increase in FY14.

Statement of Activities – Operating. The University ended FY15 with a deficit from unrestricted operations of \$7.1M compared to a surplus of \$9.2M in FY14. FY15 operating revenues decreased by 4.3% compared to an increase in expenses of 3.6% during the same period.

The University's unrestricted operating revenues totaled \$198.9M for FY15, representing a 4.3% decrease from FY14. The major component of operating revenue is net student tuition and fees which decreased by \$11.6M, or 6.2%, driven by lower credit hour enrollments and additional tuition discounting. Student tuition discounting increased to \$30.0M in FY15, compared to \$27.6M

in FY14, reflecting the increasingly competitive Midwest region which Webster primarily recruits undergraduate students.

Operating expenses totaled \$205.9M for FY15, representing an increase of 3.6% over the FY14. The largest categories contributing to the increase were loss on currency exchange of \$3.1M and an increase of \$3.8M resulting from one-time benefit savings booked in FY14 related to changes in retiree health insurance.

Statement of Activities – Non-Operating. Non-operating activities created a gain of \$3.6M. Non-operating revenue was driven by gifts received by the University towards perpetual endowment and positive investment returns.

Fiscal Year Ended May 31, 2014.

The University finished FY14 with continued excellence in its core mission of teaching. With an enhanced financial position to support its future, the University continued to adjust its operations to a new fiscal reality. The University generated net operating results of \$9.2M (\$11.1M before the President's strategic initiatives), which strengthened the University's liquidity and cash position.

Statement of Financial Position. Assets totaled \$461.2M which represents a \$17.1M, or 3.8%, increase from FY13. Cash and Investments increased by \$12.4M. At the same time, liabilities decreased by \$5.2M to \$126.8M as a result of the amendment in the postretirement health plan. The University's net assets increased by \$22.4M, or 7.1%, reaching a year-end balance of \$334.4M.

Statement of Activities - Operating. The University's total operating and non-operating activity resulted in a \$22.4M increase in net assets in FY14, which follows a \$22.7M increase in FY13. The University's unrestricted operating revenues totaled \$207.9M for FY14, representing a 1.3% decrease from FY13. The major component of operating revenue is net student tuition and fees which decreased by \$1.6M driven by additional tuition discounting and lower credit hour enrollments.

Management took action to reposition the University's operations, adjusting expenses to match the drop in expected revenue. Operating expenses totaled \$198.8 M for FY14, representing a decrease of 2.6% over FY13. The most significant adjustment contributing to the decrease was the reduction in benefit costs due to the amendment of the post-retirement health plan.

Statement of Activities — Non-Operating. Non-operating activities created a gain of \$13.1M compared to FY13 gain of \$17.2M. Non-operating revenue is primarily driven by gifts received by the University and investment return. The major reason for the gain in non-operating revenue in FY14 is a \$12.2M gain in investment returns reflecting overall investment performance and not a change in investment strategy.

GIFTS, FUNDRAISING, AND ENDOWMENT

Gifts to the University

Gifts and pledges received by the University totaled over \$5 million for the fiscal year ended May 31, 2016. The University reports pledges and gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets.

The following table depicts the gifts (excluding pledges) received by the University during each of the prior three fiscal years:

GIFTS TO THE UNIVERSITY			
	Fiscal Year Ended May 31,		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Unrestricted	\$ 1,454,413	\$ 1,247,202	\$ 1,446,408
Restricted	<u>2,587,783</u>	<u>3,669,321</u>	<u>2,713,707</u>
Total	<u>\$ 4,042,196</u>	<u>\$ 4,916,523</u>	<u>\$ 4,160,115</u>

Fundraising

The Office of Advancement team oversees the alumni and parent programs, fundraising and grant writing. The Advancement Team is led by a Vice President who oversees its seven functional areas of responsibility:

- Individual Giving (6 FTE)
- Alumni Programs (6 FTE)
- Corporate Relations (1 FTE)
- Parent and Student Programs (1 FTE)
- European Advancement (3 FTE, based in Geneva, Vienna and Leiden, who report indirectly to Advancement and directly to the respective campus director)
- Advancement Services (4.5 FTE)
- Research and Sponsored Projects (4 FTE, this area jointly reports to both Advancement and the Provost)

There are more than 180,000 living the University alumni worldwide. Approximately 21% of these alumni earned undergraduate degrees from the University while 79% have earned graduate degrees. The University's transformation and growth is evidenced in part by its alumni totals; 72% of its undergraduate alumni and 80% of its graduate alumni graduated after January 1, 1990. Other notable areas of growth include a 43% growth in donor-funded named endowed funds and 57% growth in scholarship money awarded from donor-funded scholarships over the preceding five-year period (FY 11-12 through FY 15-16). Since April 2015, Webster has received 37 new donor-funded endowed funds. Additionally, the University's 100th anniversary was celebrated in 2015 and the annual giving campaign resulted in more than \$1 million to create the *Next Century Leaders Endowed Scholarship*.

Endowment

The following chart sets forth the University's endowed assets for the last five fiscal years.

<u>Fiscal Year</u> <u>Ending</u>	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>Total</u>
May 31, 2012	\$64,135,120	\$ 5,681,686	\$16,636,219	\$ 86,453,025
May 31, 2013	84,017,773	9,073,153	18,363,966	111,454,892
May 31, 2014	97,459,198	11,234,749	19,369,520	128,063,467
May 31, 2015	96,753,586	11,412,786	21,715,465	129,881,837
May 31, 2016	88,249,427	9,218,717	25,855,180	123,323,324

The University's Finance Committee develops the objectives and policies for the University's endowment funds and regularly reports to the Board of Trustees on these matters. The Finance Committee also selects and oversees the investment managers hired by the University to manage the endowment fund.

The University's target asset allocation is 54% equities, 22% fixed income, 22% alternative investments, and 2% real assets. The purpose of equity investments (domestic, international and emerging market) is primarily to provide capital appreciation. Equity investments are recognized to entail greater market volatility and increased risk of loss. Investment styles within the equity asset class are defined as follows:

Core Equity - equity securities whose portfolio characteristics are similar to that of the S&P 500 Index, with the objective of adding value over and above the index, typically from sector selection.

Growth Equity - stocks of companies that are expected to have above average prospects for long term growth in earnings and profitability.

Value Equity - stocks of companies believed to be undervalued or possessing lower than average price to earnings ratios, based on their potential for capital appreciation.

Mid/Small Cap Equity - stocks of companies from the above styles, with relatively small market value capitalization. (the average market capitalization is expected to be approximately \$500 million to \$5 billion)

International Equity - non-U.S. company stocks, held in the form of professionally managed pooled funds.

Holdings of fixed income investments, both domestic and international, provide diversification and a predictable and dependable source of current income. Alternative investment holdings are of a pooled nature, designed to allow the use of aggressive strategies that are unavailable to mutual funds including selling short, leverage, program trading, swaps, arbitrage, and derivatives and may also include venture capital and private equity investments, held in the form of professionally managed pooled limited partnerships. Finally, real asset investment holdings may include real estate, natural resources, commodities, and TIPS. Such investments may be made only through professionally managed pooled real assets investment funds, as offered by leading real assets managers with a proven record of strong performance over time.

Endowment performance during the last five fiscal years for the University is as follows:

**Endowment Investment Performance
For the period ending June 30, 2016**

	Webster University <u>Rate of Return</u>	NACUBO ⁽¹⁾ Endowment Mean <u>Rate of Return</u>
1 Year	2.1%	1.8%
3 Year	4.7%	5.1%
5 Year	6.0%	5.0%

⁽¹⁾ National Association of College and University Business Officers Average Annual One-, Three- and Five-Year Returns for U.S. Higher Education Endowments and Affiliated Foundations for Periods Ending June 30, 2016 with \$51 Million to \$100 Million endowments.

Neither principal nor income of funds restricted to purposes other than the general purposes of the University or the general purposes of an affected school or department may be used to make payments to the Authority as required under the Loan Agreement or to meet the claims of general creditors.

OTHER RELEVANT INFORMATION

Insurance Programs

The University maintains comprehensive insurance coverage on all of its assets, including all of its buildings and real property. In addition, the University maintains Buffer Liability coverage, Excess Liability coverage, Crime Insurance coverage, International Commercial General Liability coverage, Educator's Liability coverage and Employment Practices Liability coverage, and Fiduciary Liability coverage. The University also insures against business interruptions, professional liability, and negligent acts and omissions of students performing services for which they are being trained.

Certain of the insurance policies are provided through an association with the College and University Risk Management Association (CURMA). This consortium of universities and colleges includes seventeen other higher educational institutions in the State of Missouri and are designed to minimize the costs of each participant's insurance policies.

In addition, the University maintains an Executive Protection policy and an Intercollegiate Athletic Accident Insurance policy. The University also maintains insurance coverage in several additional specialized areas, including coverage for the nurse anesthesia program, counseling services, health services, and internship programs.

The University maintains Workers Compensation Insurance as required under the laws of the State of Missouri. This policy covers incidents in every state in which the University maintains a campus.

The University believes all of its insurance policies are of the type and in the amounts as are customary for institutions of similar size and scope of activities.

Retirement Plans

The University participates in a defined contribution retirement plan which covers regular full-time employees through the Teachers Insurance and Annuity Association ("TIAA"). Under this arrangement, the

University and plan participants make monthly contributions to TIAA to purchase individually owned annuity contracts. The plan provides for the University to contribute an amount of 1.0% - 3.5% greater than the employee's contribution as specified by the plan agreement. Vesting provisions are full and immediate. There are no unfunded past service costs. The University's share of the cost of these benefits was \$4,529,419 and \$4,707,514 for fiscal years ending May 31, 2016 and 2015, respectively.

The University participates in an unfunded defined benefit postretirement plan which provides certain health, vision and dental benefits to eligible employees. Employees age 55 and over become eligible for benefits after completing 15 years of full-time service. The plan is contributory; with retiree contributions adjusted periodically and contains cost-sharing features such as deductibles and coinsurance. Effective June 1, 2014, the plan was amended, requiring all new early retiree enrollees (age 55-65) to pay 100% of premiums for the plan. The accrued benefit obligation related to the postretirement employee health insurance benefit plan was \$318,076 and \$567,288 at May 31, 2016 and 2015, respectively.

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APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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Webster University

Independent Auditor's Report and Consolidated Financial Statements

May 31, 2016 and 2015

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Webster University
May 31, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
Webster University
Webster Groves, Missouri

We have audited the accompanying consolidated financial statements of Webster University, which comprise the consolidated statements of financial position as of May 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Webster University
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Webster University as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

St. Louis, Missouri
November 3, 2016

Webster University
Consolidated Statements of Financial Position
May 31, 2016 and 2015

Assets

	2016	2015
Current Assets		
Cash	\$ 18,652,708	\$ 22,053,713
Receivables - current, net of allowance; 2016 - \$6,850,077, 2015 - \$6,347,642	31,453,242	34,320,516
Short-term investments	13,484,765	29,460,735
Prepayments and deferred charges	1,911,299	1,249,005
Total current assets	<u>65,502,014</u>	<u>87,083,969</u>
Noncurrent Contributions Receivable	4,050,684	2,123,885
Student Loans Receivable, Net of Allowance - 2016 and 2015 - \$40,000	2,826,732	2,251,162
Property and Equipment, Net	181,763,100	154,728,109
Long-term Investments	167,291,672	189,749,978
Escrowed Bond Investments	7,838,283	7,295,609
Beneficial Interest in Charitable Remainder Trust	5,443,440	5,749,632
Long-term Prepaid Expense and Other	1,016,534	1,470,670
Gifts Held in Trust	<u>338,820</u>	<u>381,250</u>
Total assets	<u><u>\$ 436,071,279</u></u>	<u><u>\$ 450,834,264</u></u>

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2016	2015
Current Liabilities		
Current maturities of long-term debt	\$ 6,829,890	\$ 3,351,459
Accounts payable and accrued expenses	17,847,202	17,157,128
Current accrued benefit costs	73,030	141,844
Deposits and deferred revenue	27,725,277	26,462,217
Total current liabilities	52,475,399	47,112,648
 Annuities and Trusts Payable	524,112	613,907
 Accrued Benefit Costs	245,046	425,444
 Asset Retirement Obligation	2,037,163	1,994,161
 Long-term Debt	63,502,907	69,113,881
 U.S. Government Grants Refundable	1,634,713	1,627,661
Total liabilities	120,419,340	120,887,702
 Net Assets		
Unrestricted	268,126,487	281,260,115
Temporarily restricted	21,625,845	26,926,784
Permanently restricted	25,899,607	21,759,663
Total net assets	315,651,939	329,946,562
Total liabilities and net assets	\$ 436,071,279	\$ 450,834,264

Webster University
Consolidated Statements of Activities
Years Ended May 31, 2016 and 2015

	Year Ended May 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue, Gains and Other Support				
Tuition and fees, net of scholarship allowances; 2016 - \$31,595,218, 2015 - \$29,983,855	\$ 164,520,453	\$ -	\$ -	\$ 164,520,453
Auxiliary enterprises	11,071,725	-	-	11,071,725
Private gifts and grants	1,446,408	1,892,999	-	3,339,407
Investment return - operating	5,965,543	-	-	5,965,543
Federal grants and contracts	1,696,693	-	-	1,696,693
Other income	4,217,558	-	-	4,217,558
Net assets released from restrictions	5,978,073	(5,978,073)	-	-
Total operating revenue, gains and other support	194,896,453	(4,085,074)	-	190,811,379
Operating Expenses				
Instruction	78,848,140	-	-	78,848,140
Academic support	36,921,829	-	-	36,921,829
Institutional support	51,198,487	-	-	51,198,487
Student services	17,090,669	-	-	17,090,669
Auxiliary	11,547,334	-	-	11,547,334
Public service	1,163,678	-	-	1,163,678
Other	1,050,612	-	-	1,050,612
Total operating expenses	197,820,749	-	-	197,820,749
Change in Net Assets From Operating Activities	(2,924,296)	(4,085,074)	-	(7,009,370)
Non-operating Activities				
Investment return - non-operating	(8,463,793)	(1,220,881)	(16,514)	(9,701,188)
Change in value of split-interest agreements	-	(1,546)	(60,936)	(62,482)
Permanently restricted private gifts and contracts	-	-	3,149,752	3,149,752
Change in donor designation	(74,455)	6,562	67,893	-
Net assets restricted for matching grants	(999,749)	-	999,749	-
Change in Net Assets From Non-operating Activities	(9,537,997)	(1,215,865)	4,139,944	(6,613,918)
Foreign Currency Translation	(671,335)	-	-	(671,335)
Change in Net Assets	(13,133,628)	(5,300,939)	4,139,944	(14,294,623)
Net Assets, Beginning of Year	281,260,115	26,926,784	21,759,663	329,946,562
Net Assets, End of Year	\$ 268,126,487	\$ 21,625,845	\$ 25,899,607	\$ 315,651,939

See Notes to Consolidated Financial Statements

Year Ended May 31, 2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 173,587,318	\$ -	\$ -	\$ 173,587,318
10,984,298	-	-	10,984,298
1,247,202	624,822	-	1,872,024
5,494,849	-	-	5,494,849
1,717,644	-	-	1,717,644
3,582,068	-	-	3,582,068
2,255,037	(2,255,037)	-	-
198,868,416	(1,630,215)	-	197,238,201
82,077,603	-	-	82,077,603
38,512,623	-	-	38,512,623
54,165,542	-	-	54,165,542
17,734,130	-	-	17,734,130
11,275,197	-	-	11,275,197
1,139,277	-	-	1,139,277
1,045,277	-	-	1,045,277
205,949,649	-	-	205,949,649
(7,081,233)	(1,630,215)	-	(8,711,448)
962,544	999,611	56,911	2,019,066
-	(1,231)	(75,371)	(76,602)
-	-	1,664,777	1,664,777
(700,000)	-	700,000	-
-	-	-	-
262,544	998,380	2,346,317	3,607,241
687,309	-	-	687,309
(6,131,380)	(631,835)	2,346,317	(4,416,898)
287,391,495	27,558,619	19,413,346	334,363,460
\$ 281,260,115	\$ 26,926,784	\$ 21,759,663	\$ 329,946,562

Webster University
Consolidated Statements of Cash Flows
Years Ended May 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ (14,294,623)	\$ (4,416,898)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	13,383,298	12,232,757
Amortization of premium on long-term debt	(224,116)	(271,010)
Amortization of bond premiums on securities	143,777	1,251,908
Donated property and equipment	(155,500)	-
Effect of currency translation adjustments	260,912	2,223,694
Loss on disposal of property and equipment	15,204	39,451
Net realized and unrealized losses on investments	12,119,997	173,230
Loss on other assets	461,652	251,713
(Gain) loss on beneficial interest in charitable remainder trust	306,192	(360,686)
Change in value of split-interest agreements	62,482	76,602
Change in value of accrued benefit costs	(249,212)	(271,542)
Contributions received restricted for long-term investment	(3,149,752)	(1,664,777)
Contributions received restricted for acquisition of long-lived assets	(143,214)	(152,960)
Changes in		
Receivables	364,905	1,880,783
Prepayments, deferred charges and other assets	(669,810)	(201,687)
Accounts payable and accrued expenses	(1,076,502)	470,178
Deposits and deferred revenue	1,263,060	(1,936,137)
U.S. government grants refundable	7,052	5,943
Net cash provided by operating activities	<u>8,425,802</u>	<u>9,330,562</u>
Investing Activities		
Purchase of property and equipment	(37,534,553)	(15,768,820)
Write-off foreign assets	-	13,117
Proceeds from disposition of property and equipment	9,000	-
Purchase of investments	(149,573,329)	(129,052,291)
Proceeds from disposition of investments	175,743,831	133,588,915
Leasing commissions paid	(2,653)	-
Net cash used in investing activities	<u>(11,357,704)</u>	<u>(11,219,079)</u>
Financing Activities		
Proceeds from contributions restricted for permanent investment in endowment and loan funds	3,149,752	1,664,777
Proceeds from contributions restricted for acquisition of long-lived assets	143,214	152,960
Decrease (increase) in escrowed bond investments	(542,674)	1,004,223
Principal payments on long-term debt	(3,109,548)	(3,028,510)
Proceeds from issuance of annuities and trusts payable	-	10,858
Payments on annuities and trusts payable	(109,847)	(109,201)
Net cash used in financing activities	<u>(469,103)</u>	<u>(304,893)</u>

(Continued)

Webster University
Consolidated Statements of Cash Flows (Continued)
Years Ended May 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Decrease in Cash	\$ (3,401,005)	\$ (2,193,410)
Cash, Beginning of Year	<u>22,053,713</u>	<u>24,247,123</u>
Cash, End of Year	<u><u>\$ 18,652,708</u></u>	<u><u>\$ 22,053,713</u></u>

Supplemental Cash Flows Information

Interest paid	\$ 3,361,748	\$ 3,498,020
In-kind contributions	\$ 155,925	\$ 11,918
Property and equipment included in accounts payable	\$ 2,888,234	\$ 1,121,658
Property and equipment acquired through bond proceeds	\$ 1,599,348	\$ -
Bond issuance costs paid through bond proceeds	\$ 338,753	\$ -

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Webster University (the “University”) is a not-for-profit, private university located in Webster Groves, Missouri. The University’s community is a highly diverse population of more than 17,000 men and women who represent approximately 100 nationalities, nearly every racial, ethnic, cultural and socioeconomic background and students who range from traditional college age to older adults. The University is an independent, nondenominational, international educational institution offering both undergraduate and graduate degree programs. Webster University founded in 1915 with its home campus based in St. Louis, Missouri, USA, is the only Tier 1, private, nonprofit university with campus locations around the world including metropolitan, military, online and corporate, as well as American style traditional campuses in North America, Europe, Asia and Africa. The University has international assets totaling \$38,623,355 and \$12,826,187 at May 31, 2016 and 2015, respectively, and international revenues totaling \$29,626,584 and \$30,668,201, respectively, for the years then ended. The University’s primary source of revenue is tuition and fees paid by students. The majority of students rely on funds received from federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition.

Principles of Consolidation

The consolidated financial statements include the accounts of the University and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period, as well as, disclosure of contingent assets and liabilities. Significant items subject to such estimates and assumptions include valuations of certain investments which do not have readily determinable fair values, allowances for uncollectible accounts, self-funded health insurance reserves, contingency reserves and calculations of asset retirement obligations. Actual results ultimately could differ from management’s estimates and assumptions.

Cash

The University considers all domestic bank checking account deposits and all international bank deposits used for operations to be cash. At May 31, 2016, the University’s cash accounts exceeded federally insured limits by approximately \$14,960,000.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Accounts Receivable

Accounts receivable are stated at the amount billed to students. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Payment in full or payment arrangements are required at the time of registration. In the event an account is referred to an agency or attorney for collection, the student promises to pay, in addition to all amounts otherwise due to the University, the costs and expenses of such collection and/or representation not to exceed 33 percent of the amount owed, including, without limitation, reasonable attorneys' fees and expenses, to the extent permitted by applicable law. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Student Loans Receivable

The University makes loans to students under the Federal Perkins Loan Program. Under the terms of the program, these loans are subject to forgiveness or assignment back to the federal government under certain circumstances. Such loans receivable are recorded net of estimated uncollectible amounts. The amount to be forgiven or assigned is based on the occurrence of certain future events which cannot be anticipated.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, except for donated assets, which are recorded at fair value on the date of donation. Depreciation is calculated using the straight-line method to allocate the cost of various classes of assets over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Property and equipment are removed from the accounting records at the time of disposal.

The estimated useful lives used in calculating depreciation for the years ended May 31, 2016 and 2015, are as follows:

Building	10 - 40 years
Improvements	10 - 20 years
Equipment	5 years
Furniture and fixtures	10 years

Long-lived Asset Impairment

The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

\$495,730 was recognized in asset impairments during the year ended May 31, 2016. No asset impairment was recognized during the year ended May 31, 2015.

Webster University

Notes to Consolidated Financial Statements

May 31, 2016 and 2015

Investments and Investment Return

Investments are carried at fair value. The University considers money market funds held by investment managers as part of the investment portfolio. Investments acquired by gift or bequest are recorded at fair or appraised value at the date acquired. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Escrowed Bond Investments

The University is required to maintain separate accounts for proceeds of bond financings. These accounts are comprised of cash, money market accounts, Federal National Mortgage obligations and obligations of municipal governments.

Split-interest Agreements

The University's split-interest agreements with donors consists primarily of charitable gift annuities and irrevocable charitable remainder trusts for which the University serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

Contribution revenues for charitable gift annuities and charitable remainder trusts are recognized at the date the agreements are established. In addition, the fair value of the estimated future payments to be made to the beneficiaries under these agreements is recorded as a liability.

Net Assets

For the purposes of financial reporting, the University classifies resources into three net asset categories pursuant to any donor-imposed restrictions applicable to law. Accordingly, the net assets of the University are classified in the accompanying consolidated financial statements in the categories that follow:

Unrestricted net assets are not subject to donor-imposed restrictions. Included in unrestricted net assets are Board-designated net assets which the governing board, rather than a donor, has designated for investment (quasi-endowment), student loans, retirement of indebtedness, plant renewal fund and net investment in plant.

Temporarily restricted net assets are subject to legal or donor-imposed stipulations that will be satisfied by either actions of the University, the passage of time or both. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Webster University

Notes to Consolidated Financial Statements

May 31, 2016 and 2015

Permanently restricted net assets are subject to donor-imposed stipulations that they be invested to provide a perpetual source of income to the University. Generally, donors of these assets require the University to maintain and invest the original contribution in perpetuity, but permit the use of some or all investment returns for general or specific purposes.

Revenue Recognition

Revenues are recognized over the academic year as services are provided. Student tuition and fee revenues are presented net of scholarship allowances in the consolidated statements of activities. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount paid by students and/or third parties making payments on the students' behalf. Scholarship allowances for the years ended May 31, 2016 and 2015, were \$31,595,218 and \$29,983,855, respectively.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The discount is included in accretion of contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

The University receives donated works of art. These works of art are capitalized and recognized as gift revenue at the appraised value and are not subject to depreciation. Art items sold are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

Deferred Revenue

Deferred revenue consists of amounts billed or received for educational, auxiliary or other services not yet earned.

Webster University

Notes to Consolidated Financial Statements

May 31, 2016 and 2015

Government Grants

Revenues from governmental grants and contracts are recognized when allowable expenditures are incurred under such agreements. Single audits and audits by the granting department or agency may result in requests for reimbursement of disallowed expenditures.

Income Taxes

The University is exempt from income taxes under Section 501 of the *Internal Revenue Code* and similar provisions of state law. However, the University is subject to federal income tax on any unrelated business income.

The University or one of its subsidiaries files tax returns in the U.S. federal jurisdiction and various foreign jurisdictions.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on various assumptions of resources expended in support of the University's mission.

Licensure

As an educational institution, the University is subject to licensure from various accrediting and state authorities and other regulatory requirements of the United States Department of Education.

Asset Retirement Obligation (ARO)

An ARO associated with the retirement of a tangible long-lived asset is recognized as a liability in the period in which it is incurred or becomes determinable even when the timing and/or method of settlement may be conditional on a future event. The University's conditional AROs primarily relate to asbestos contained in buildings the University owns.

A summary of changes in the AROs liability is included in the table below:

	2016	2015
Beginning of year	\$ 1,994,161	\$ 1,953,057
Liabilities settled	-	(641)
Accretion expense	43,002	41,745
End of year	<u>\$ 2,037,163</u>	<u>\$ 1,994,161</u>

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Reclassifications

Certain reclassifications have been made to the 2015 consolidated financial statements for the adoption of ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, that were deemed to be immaterial. These reclassifications had no effect on the change in net assets.

Note 2: Receivables

The major components of receivables at May 31 consisted of the following:

	2016	2015
Accounts receivable from students (net of allowance; 2016 - \$6,850,077, 2015 - \$6,347,642)	\$ 26,309,039	\$ 26,944,621
Other receivables	3,042,656	5,967,834
Grants receivable	536,066	523,749
Contributions receivable, net	5,616,165	3,008,197
Total receivables	35,503,926	36,444,401
Less noncurrent contributions receivable	4,050,684	2,123,885
Receivables - current	<u>\$ 31,453,242</u>	<u>\$ 34,320,516</u>

Contributions Receivable

Contributions receivable consisted of the following:

	May 31, 2016		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	\$ 834,801	\$ 820,225	\$ 1,655,026
Due in one to five years	327,000	1,875,624	2,202,624
Due in more than five years	2,825,000	-	2,825,000
	3,986,801	2,695,849	6,682,650
Less			
Allowance for uncollectible contributions	24,265	128,709	152,974
Unamortized discount	791,817	121,694	913,511
	<u>\$ 3,170,719</u>	<u>\$ 2,445,446</u>	<u>\$ 5,616,165</u>

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

	May 31, 2015		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	\$ 659,343	\$ 293,393	\$ 952,736
Due in one to five years	216,167	344,160	560,327
Due in more than five years	2,268,337	5,916	2,274,253
	<u>3,143,847</u>	<u>643,469</u>	<u>3,787,316</u>
Less			
Allowance for uncollectible contributions	43,389	30,546	73,935
Unamortized discount	672,641	32,543	705,184
	<u>\$ 2,427,817</u>	<u>\$ 580,380</u>	<u>\$ 3,008,197</u>

The interest rate utilized for discounting contributions receivable for 2016 and 2015 ranged from 1.2 percent to 8.0 percent, for both years.

Note 3: Student Loans Receivable

The University loans money to students with exceptional financial need through the Federal Perkins Loan program. Determination of financial need is based on a nationally recognized methodology and regulations promulgated by the U.S. Department of Education. The loans are long-term and bear an interest rate of 5 percent. The University acts as the lender with the loan made primarily with government funds. A liability is recorded to recognize the funds advanced from the U.S. Department of Education for original funding of the loans. The University holds the loans until maturity, assignment or cancellation. A third party manages the portfolio on behalf of the University. As loan payments are received from borrowers, the funds are applied to both the recorded asset and liability as these funds are then used to create additional loans to qualified students. The Perkins Loan portfolio was \$2,346,428 and \$2,259,340 at May 31, 2016 and 2015, respectively. U.S. government grants refundable were \$1,634,713 and \$1,627,661 at May 31, 2016 and 2015, respectively.

Interest does not accrue on Perkins Loans until the student leaves school and enters repayment status. Typically, there is a nine-month grace period upon graduation before interest begins to accrue and payments are required. Interest income for the years ended May 31, 2016 and 2015, was \$32,561 and \$38,623, respectively.

Loans determined to be uncollectible after appropriate due diligence procedures have been performed can be assigned to the U.S. Department of Education. Thus, the ultimate credit risk of the portfolio is low. Loans are classified as: In School, In Grace, Active and Delinquent. In School and In Grace loans represent loans made to students who are still in school or who are in the nine-month grace period following graduation. Active loans are those loans in repayment status and are considered current. Delinquent loans are those active but not current with payments.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Although ultimate collectability can be ensured by the U.S. Department of Education, the University has established an allowance for uncollectible loans. The allowance was \$40,000 at May 31, 2016 and 2015. Loan default rates (Perkins Federal Cohort Rate) are monitored by the U.S. Department of Education based on a legislated formula and measured at June 30 of each year. An institution with a default rate that equals or exceeds 50 percent for each of the three most recent years may be ineligible for participation in the Federal Perkins Loan program and may be required to liquidate its revolving student loan fund. The University's Perkins Federal Cohort Rate at May 31, 2016 and 2015, was 33.68 percent and 22.88 percent, respectively.

Loans may also be deferred or cancelled based on federal guidelines. Cancelled loans are repaid to the University by the federal government. Loans totaling \$24,914 and \$3,875 were cancelled for the years ended May 31, 2016 and 2015, respectively.

In connection with the December 1, 2014, announcement of ending Webster University's partnership with Regents University London, the University offered 10 year, interest free loans to the students negatively impacted by its dissolution. Monthly payments on these loans begin 30 days after the student graduates or ceases to be enrolled in a declared academic program at Webster University. The loan balances at May 31, 2016 and 2015, were \$489,856 and \$0, respectively.

The remainder of the loans receivable, \$30,448 and \$31,822 at May 31, 2016 and 2015, respectively, represent amounts advanced from a University loan fund. As dictated by donor bequest, the fund is to be used as a revolving loan fund for able but needy students. Terms of these loans are similar to those of the Federal Perkins Loan program.

Note 4: Property and Equipment

Property and equipment at May 31 consists of:

	2016	2015
Land and improvements	\$ 24,599,665	\$ 24,323,498
Buildings and improvements	238,619,478	201,392,091
Equipment	54,576,021	49,458,736
Collections and works of art	4,905,873	4,812,873
Construction in progress	6,860,132	10,262,583
Other	2,620,550	2,576,588
	<u>332,181,719</u>	<u>292,826,369</u>
Less accumulated depreciation	<u>150,418,619</u>	<u>138,098,260</u>
	<u><u>\$ 181,763,100</u></u>	<u><u>\$ 154,728,109</u></u>

Depreciation expense for the years ended May 31, 2016 and 2015, was approximately \$13,228,000 and \$12,097,000, respectively.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

The University began the construction of the Interdisciplinary Science Building during 2016. The total estimated cost to complete the project as of May 31, 2016, was approximately \$41,500,000. Subsequent to year-end, the University entered into a second construction contract for the Garden Avenue Parking Garage expansion which has an estimated cost of approximately \$11,900,000.

Note 5: Investments, Investment Return and Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2016 and 2015:

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

		2016		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Money market - short-term	\$ 13,457,146	\$ 13,457,146	\$ -	\$ -
Money market - long-term	12,448,846	12,448,846	-	-
Equity securities				
Financials	3,171,819	3,171,819	-	-
Health care	2,648,828	2,648,828	-	-
Industrials	2,378,767	2,378,767	-	-
Information technology	3,307,869	3,307,869	-	-
Consumer discretionary	2,296,156	2,296,156	-	-
Other	6,097,758	6,097,758	-	-
U.S. government bonds and notes	3,781,611	3,781,611	-	-
Corporate bonds and notes	3,417,262	3,417,262	-	-
Mutual funds				
Bond funds	47,929,019	47,929,019	-	-
Large value	1,955,440	1,955,440	-	-
Large blend	13,265,855	13,265,855	-	-
Large growth	7,494,011	7,494,011	-	-
Medium blend	4,361,727	4,361,727	-	-
Medium growth	1,545,567	1,545,567	-	-
Medium value	3,290,603	3,290,603	-	-
Small blend	2,403,671	2,403,671	-	-
International large growth	3,696,302	3,696,302	-	-
International large blend	16,843,947	16,843,947	-	-
International large value	2,147,422	2,147,422	-	-
Other	868,216	868,216	-	-
ETF's	14,420,528	14,420,528	-	-
Closed end funds	423,152	423,152	-	-
Other	199,567	199,567	-	-
	<u>173,851,089</u>	<u>\$ 173,851,089</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative strategies (A)	<u>6,925,348</u>			
Total investments	180,776,437			
Less short-term investments	<u>13,484,765</u>			
Total long-term investments	<u>\$ 167,291,672</u>			
Escrowed bond investments				
Money market funds	\$ 2,712,693	\$ 2,712,693	\$ -	\$ -
Municipal bonds	4,915,590	4,915,590	-	-
Other	210,000	-	210,000	-
	<u>\$ 7,838,283</u>	<u>\$ 7,628,283</u>	<u>\$ 210,000</u>	<u>\$ -</u>
Beneficial interest in charitable remainder trust	<u>\$ 5,443,440</u>	<u>\$ -</u>	<u>\$ 5,443,440</u>	<u>\$ -</u>

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

		2015		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Money market - short-term	\$ 325,799	\$ 325,799	\$ -	\$ -
Money market - long-term	424,030	424,030	-	-
International time deposits	2,717,799	2,717,799	-	-
Equity securities				
Financials	3,622,074	3,622,074	-	-
Industrials	2,203,891	2,203,891	-	-
Information technology	1,456,142	1,456,142	-	-
Consumer discretionary	967,062	967,062	-	-
Other	2,586,442	2,586,442	-	-
U.S. government bonds and notes	1,286,225	1,286,225	-	-
Corporate bonds and notes	32,616,299	32,616,299	-	-
Mutual funds				
Bond funds	71,273,449	71,273,449	-	-
Large value	15,537,779	15,537,779	-	-
Large blend	318,446	318,446	-	-
Large growth	15,754,078	15,754,078	-	-
Medium growth	12,631,190	12,631,190	-	-
International large blend	17,381,150	17,381,150	-	-
Other	6,400,167	6,400,167	-	-
Other	285,422	285,422	-	-
	187,787,444	\$ 187,787,444	\$ -	\$ -
Alternative strategies (A)	7,514,973			
Limited partnership investments (A)	23,908,296			
Total investments	219,210,713			
Less short-term investments	29,460,735			
Total long-term investments	\$ 189,749,978			
Escrowed bond investments				
Money market funds	\$ 2,079,367	\$ 2,079,367	\$ -	\$ -
U.S. government bonds and notes	417,935	-	417,923	-
Municipal bonds	4,798,307	4,798,307	-	-
	\$ 7,295,609	\$ 6,877,674	\$ 417,923	\$ -
Beneficial interest in charitable remainder trust	\$ 5,749,632	\$ -	\$ 5,749,632	\$ -

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

- (A) In accordance with Subtopic 820-10, certain investments measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended May 31, 2016.

Investments and Escrowed Bond Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters including, but not limited to, interest rates, volatilities, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Beneficial Interest in Charitable Remainder Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Fair Value of Financial Instruments

The following table presents estimated fair values of the University's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2016 and 2015:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	\$ 18,652,708	\$ 18,652,708	\$ 22,053,713	\$ 22,053,713
Investments	\$ 180,776,437	\$ 180,776,437	\$ 219,210,713	\$ 219,210,713
Accounts and contributions receivable	\$ 35,503,926	\$ 35,503,926	\$ 36,444,401	\$ 36,444,401
Student loans receivable	\$ 2,826,732	\$ 2,826,732	\$ 2,251,162	\$ 2,251,162
Beneficial interest charitable remainder trust	\$ 5,443,440	\$ 5,443,440	\$ 5,749,632	\$ 5,749,632
Escrowed bond investments	\$ 7,838,283	\$ 7,838,283	\$ 7,295,609	\$ 7,295,609
Gifts held in trust	\$ 338,820	\$ 338,820	\$ 381,250	\$ 381,250
Financial liabilities				
Annuities and trusts payable	\$ 524,112	\$ 524,112	\$ 613,907	\$ 613,907
Long-term debt	\$ 70,332,797	\$ 75,904,122	\$ 72,465,340	\$ 77,504,179

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated statements of financial position at amounts other than fair value:

- Discounted future cash flows using a discount rate commensurate with risks involved and the remaining maturities (contributions receivable).
- Actuarial evaluation of the estimated payments required under obligation (annuities and trusts payable, beneficial interest in charitable trusts).
- Borrowing rates currently available to the University for debt with similar terms and maturities (notes payable).
- Quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities (bonds payable and escrowed bond investments).
- The carrying amount approximates fair value (cash, gifts held in trust, accounts receivable, student loans receivable).

Webster University
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May 31, 2016 and 2015

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at May 31, consist of the following:

2016				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	\$ 6,711,841	None	June 30 or December 31: Last business day of the year	At least 95 days written notice prior to June 30 or December 31; at least 60 days written notice prior to the last business day of the year
Venture capital (B)	\$ 213,507	None	None: Cannot be redeemed until dissolution of the partnership. Extension to June 2017 approved by the board in June 2016	N/A

Webster University
Notes to Consolidated Financial Statements
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2015				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	\$ 7,279,176	None	June 30 or December 31: Last business day of the year	At least 95 days written notice prior to June 30 or December 31; at least 60 days written notice prior to the last business day of the year
Venture capital (B)	\$ 235,797	None	None: Cannot be redeemed until dissolution of the partnership. Extension to June 2016 approved by the board in April 2015	N/A
Limited partnerships (C)	\$ 23,908,296	None	Last business day of the month or last business day of the year	30-95 days

- (A) This category includes investments in multi-strategy, off-shore hedge funds and funds of funds that employ a variety of low volatility, absolute return oriented strategies.
- (B) This category includes investments in stock, preferred stock, stock warrants and secured notes in firms in the areas of pharmaceuticals, green technology, medical technology and devices and enabling platforms. These investments are locked in for the life of the agreement.
- (C) This category includes several limited partnerships. The investments are generally subject to an initial lock-up period, which expires after 1 - 2 years. All investments have surpassed the initial lock-up period. Therefore, all funds are redeemable with a notice period of between 30 and 95 days.

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect the investment amounts reported in the consolidated statements of financial position.

Webster University
Notes to Consolidated Financial Statements
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Total investment return is comprised of the following:

	2016	2015
Interest and dividend income	\$ 8,255,330	\$ 7,601,239
Net realized and unrealized losses on investments reported at fair value	<u>(11,990,975)</u>	<u>(87,324)</u>
	<u>\$ (3,735,645)</u>	<u>\$ 7,513,915</u>
	2016	2015
Investment return - operating	\$ 5,965,543	\$ 5,494,849
Investment return - non-operating	<u>(9,701,188)</u>	<u>2,019,066</u>
	<u>\$ (3,735,645)</u>	<u>\$ 7,513,915</u>

Note 6: Beneficial Interest in Charitable Remainder Trust

The University is a beneficiary under a charitable remainder unitrust agreement administered by a third party. The University's beneficial interest in the trust assets was \$5,443,440 and \$5,749,632 at May 31, 2016 and 2015, respectively. Distributions from the trust will be made as specified in the trust agreement.

The trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term. At the end of the trust's term, the University's beneficial interest in the trust's assets are available to the University. The portion of the trust attributable to the future interest of the University is recorded in the consolidated statement of activities as temporarily restricted contributions in the period the trust is established. Given the nature of the estimate, it is reasonably possible the University's estimate of the beneficial interest in trust will materially change in the near term.

Webster University
Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 7: Long-Term Debt

	2016	2015
Notes payable to bank; due in quarterly installments of 150,000 Swiss francs through 2030; with interest payable quarterly at interest rates of 1.85% and 4.15%; secured by property owned in Geneva, Switzerland, with a current cost of \$23,078,305 (using May 31, 2016, exchange rates)	\$ 8,727,222	\$ 9,854,937
Series 2011 Educational Facilities Improvement and Funding Revenue Bonds (Series 2011 Bonds); maturing in varying amounts through 2036; interest rates varying from 4.0% to 5.0%, includes bond premium of \$649,826 and \$873,942 at May 31, 2016 and 2015, respectively	57,254,826	59,913,942
Series 2015 Education Facilities Improvement and Funding Revenue Bonds (Series 2015 Bonds); maturing in varying amounts starting in 2018 through 2040; fixed interest rate of 2.61% payable semi-annually	1,938,101	-
Note payable to bank; fixed interest rate of 5.69% with interest only payments for 41 months beginning September 1, 2008. From the 42 month forward (February 2012), payments of principal and interest shall be in the amount of \$21,596. The loan matures January 1, 2017, at which time the entire outstanding principal and interest is due. The note is secured by real estate.	3,507,922	3,562,405
	71,428,071	73,331,284
Less current maturities	6,829,890	3,351,459
Less unamortized debt issuance costs	1,095,274	865,944
	<u>\$ 63,502,907</u>	<u>\$ 69,113,881</u>

In July 2011, the University issued Educational Facilities Improvement and Refunding Revenue Bond Series 2011 in the aggregate principal amount of \$61,385,000. The Bond proceeds were used, together with other funds contributed by the University, to (1) refund outstanding Series 2001 Bonds and Series 2005 Bonds and (2) construct a new academic classroom building containing approximately 90,000 square feet on the Webster Groves, Missouri campus. The East Academic Building houses the George Herbert Walker School of Business and Technology and provides general purpose classrooms.

The Series 2011 Bonds are secured by a first lien security interest in all Unrestricted Gross Revenues of the University and a mortgage on certain real estate, all improvements and all buildings, fixtures and other real property on the collateral located in Webster Groves, Missouri. The bond indenture contains covenants, including the requirement the University maintains a liquidity ratio and a maximum annual debt service ratio at certain levels. The University maintains a minimum Debt Reserve Fund balance of \$5,170,610 as required and makes monthly deposits of varying amounts to a Debt Service Reserve Fund to fund semiannual interest and principal payments based on the refunded Series 2001 bonds. Unamortized debt issuance costs were \$712,513 and \$786,103 at May 31, 2016 and 2015, respectively.

Webster University

Notes to Consolidated Financial Statements

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In October 2015, the University issued Educational Facilities Revenue Bonds, Series 2015 in the aggregate principal amount of \$26,000,000. The Bond proceeds will be used to finance, refinance and reimburse the costs of certain improvements and renovations to certain education facilities including the academic interdisciplinary science building on the campus in Webster Groves, Missouri. The Series 2015 Bonds are secured by a first lien security interest in all Unrestricted Gross Revenues of the University, subject only to Permitted Encumbrances. As of May 31, 2016, the University has not fully drawn on the aggregate principal amount. The Series 2015 Bonds must be fully drawn by March 31, 2017. Unamortized debt issuance costs at May 31, 2016, were \$323,168.

The fixed rate note payable to bank was assumed by the University in August 2008. The note imposes substantial penalties in the event of early extinguishment. Unamortized debt issuance costs were \$59,593 and \$79,841 at May 31, 2016 and 2015, respectively.

Aggregate annual maturities and sinking fund requirements of long-term debt at May 31, 2016, are:

2017	\$ 6,829,890
2018	4,129,945
2019	4,333,252
2020	3,808,513
2021	3,682,568
Thereafter	48,643,903
	<u>\$ 71,428,071</u>

Note 8: Annuities and Trusts Payable

The University has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The University has recorded a liability for the charitable gift annuities at May 31, 2016 and 2015, of \$477,296 and \$540,564, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a rate of return of 6.0 percent and current IRS mortality tables. At May 31, 2016 and 2015, the University holds \$824,259 and \$963,548 of long-term investments against these estimated liabilities, respectively. Contribution revenue recognized under such agreements was \$20,000 for the year ended May 31, 2015. There was no contribution revenue recognized under such agreements for the year ended May 31, 2016.

The University administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the University's use. Assets held in the charitable remainder trusts are recorded at fair value of \$338,820 and \$381,250 at May 31, 2016 and 2015, respectively, and included in investments in the University's statements of financial position. The University has recorded a liability at May 31, 2016 and 2015, of \$46,816 and \$73,343, respectively, which represents the present value of the future obligations to make distributions to the designated

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beneficiaries. On an annual basis, the University revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a rate of return of 6.0 percent and applicable mortality tables. The portion of the trust attributable to the future interest of the University is recorded in the statement of activities as temporarily restricted contributions in the period the trust is established. There was no contribution revenue recognized under such agreements for the years ended May 31, 2016 and 2015.

Note 9: Net Assets

Details of the University's net assets as of May 31 are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated	\$ 35,023,095	\$ -	\$ -	\$ 35,023,095
Quasi-endowment fund	88,249,427	-	-	88,249,427
Departmental activities	1,309,817	-	-	1,309,817
Student loans	653,617	-	44,427	698,044
Retirement of indebtedness	7,333,381	-	-	7,333,381
Plant renewal fund	23,938,012	-	-	23,938,012
Net investment in plant	111,430,303	-	-	111,430,303
Future buildings and capital maintenance	4,092,471	9,349,128	1,400,000	14,841,599
Accumulated foreign currency translation adjustment	(4,404,630)	-	-	(4,404,630)
Library operations	-	1,008,451	-	1,008,451
Future educational activity expenses	500,994	4,713,284	22,703	5,236,981
Scholarships	-	6,554,982	24,432,477	30,987,459
	<u>\$ 268,126,487</u>	<u>\$ 21,625,845</u>	<u>\$ 25,899,607</u>	<u>\$ 315,651,939</u>

Webster University
Notes to Consolidated Financial Statements
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	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated	\$ 35,152,024	\$ -	\$ -	\$ 35,152,024
Quasi-endowment fund	96,753,586	-	-	96,753,586
Departmental activities	1,187,515	-	-	1,187,515
Student loans	653,617	-	44,202	697,819
Retirement of indebtedness	6,750,952	-	-	6,750,952
Plant renewal fund	57,955,085	-	-	57,955,085
Net investment in plant	82,294,823	-	-	82,294,823
Future buildings and capital maintenance	3,824,180	13,674,862	1,400,000	18,899,042
Accumulated foreign currency translation adjustment	(3,733,295)	-	-	(3,733,295)
Library operations	-	1,098,531	-	1,098,531
Future educational activity expenses	421,628	4,140,554	47,239	4,609,421
Scholarships	-	8,012,837	20,268,222	28,281,059
	<u>\$ 281,260,115</u>	<u>\$ 26,926,784</u>	<u>\$ 21,759,663</u>	<u>\$ 329,946,562</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2016	2015
Scholarships	\$ 631,544	\$ 700,632
Instruction program activities	603,162	395,977
Academic support program activities	98,394	93,886
Institutional support program activities	145,061	90,383
Passage of specified time	281,331	295,832
Construction costs of Donor Plaza	800,000	-
Construction costs of Interdisciplinary Science Building	3,413,021	637,090
Student service program activities and other	5,560	41,237
	<u>\$ 5,978,073</u>	<u>\$ 2,255,037</u>

Webster University
Notes to Consolidated Financial Statements
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Note 10: Endowment

The University's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (quasi-endowment). As required by GAAP, net assets associated with endowment funds, including quasi-endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body has interpreted the state of Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

The composition of net assets by type of endowment fund at May 31, 2016 and 2015, was:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ (169,960)	\$ 9,218,717	\$ 25,855,180	\$ 34,903,937
Quasi-endowment	88,419,387	-	-	88,419,387
Total endowment fund	<u>\$ 88,249,427</u>	<u>\$ 9,218,717</u>	<u>\$ 25,855,180</u>	<u>\$ 123,323,324</u>

Webster University
Notes to Consolidated Financial Statements
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	2015		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted	\$ (179,695)	\$ 11,412,786	\$ 21,715,465
Quasi-endowment	96,933,281	-	-
Total endowment fund	<u>\$ 96,753,586</u>	<u>\$ 11,412,786</u>	<u>\$ 21,715,465</u>
			<u>\$ 129,881,837</u>

Changes in endowment net assets for the years ended May 31, 2016 and 2015, were:

	2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment Net Assets, Beginning of Year	\$ 96,753,586	\$ 11,412,786	\$ 21,715,465
Investment return	(3,593,632)	(1,065,189)	(9,222)
Contributions	-	10,682	3,334,495
Change in reserve for contributions receivable	-	(8,904)	(184,969)
Management fees	(123,533)	(41,950)	(7,295)
Board designation of endowment funds	85,000	-	-
Centennial Matching Program	(999,749)	-	999,749
Change in value of split interest agreements	-	(1,546)	(60,936)
Change in donor designation	-	(788)	67,893
Appropriation of endowment assets for expenditure	(3,872,245)	(1,086,374)	-
Endowment Net Assets, End of Year	<u>\$ 88,249,427</u>	<u>\$ 9,218,717</u>	<u>\$ 25,855,180</u>
			<u>\$ 123,323,324</u>

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Notes to Consolidated Financial Statements
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	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 97,459,198	\$ 11,234,749	\$ 19,369,520	\$ 128,063,467
Investment return	4,016,243	1,198,478	64,966	5,279,687
Contributions	-	9,923	1,711,573	1,721,496
Change in reserve for contributions receivable	-	(8,246)	(50,663)	(58,909)
Management fees	(112,917)	(33,211)	(8,055)	(154,183)
Board designation of endowment funds	85,000	-	-	85,000
Change in value of split interest agreements	-	(1,231)	(75,371)	(76,602)
Change in donor designation	(700,000)	-	700,000	-
Appropriation of endowment assets for expenditure	(3,993,938)	(987,676)	3,495	(4,978,119)
Endowment Net Assets, End of Year	<u>\$ 96,753,586</u>	<u>\$ 11,412,786</u>	<u>\$ 21,715,465</u>	<u>\$ 129,881,837</u>

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at May 31, 2016 and 2015, consisted of:

	2016	2015
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	<u>\$ 25,855,180</u>	<u>\$ 21,715,465</u>
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA		
Scholarships	\$ 6,256,632	\$ 7,742,067
Educational activity expenses	1,127,754	1,529,549
Library operations	1,008,451	1,098,531
Future period operations - Loretto Hilton Center	795,385	985,528
Future period operations - without restrictions	30,495	57,111
	<u>\$ 9,218,717</u>	<u>\$ 11,412,786</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$169,960 and \$179,695, at May 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes deemed prudent by the governing body.

Webster University

Notes to Consolidated Financial Statements

May 31, 2016 and 2015

The University has adopted investment and spending policies for endowment assets to support its mission over the long term. Accordingly, the policies ensure the growth of the endowment is sufficient to offset inflation plus a reasonable spending rate, thereby preserving the purchasing power of the endowment for future generations.

Under the University's investment policy, unless otherwise stated by the donor of the principal, 4.5 percent of the three-year rolling average market value average of investments is available for spending. In addition, a 0.5 percent fee in connection with their services associated with the administration of the endowment funds is charged annually. The fee is applicable to the entire endowment pool and is included in unrestricted appropriation of endowment assets for expenditure. Investment earnings in excess of the 4.5 percent spending policy are reinvested. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified time, as well as to provide additional real growth through new gifts and investment return.

To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation which combines return enhancement and risk reduction.

Note 11: Operating Leases

The University leases space at various sites domestically and at campuses abroad (future minimum payments for foreign locations are stated in United States dollars using May 31, 2016, exchange rates). These leases have varying terms which may include renewal options and escalation clauses.

Future minimum lease payments at May 31, 2016, were:

2017	\$ 7,908,572
2018	5,781,847
2019	4,659,781
2020	3,964,384
2021	3,574,190
Later years	9,984,059
	<u>\$ 35,872,833</u>

Rent expense under operating leases and rental contracts was \$15,407,820 and \$14,444,281 in 2016 and 2015, respectively.

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Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 12: Retirement and Postretirement Employee Health Insurance Benefit Plans

The University participates in a defined contribution retirement plan which covers regular full-time employees through the Teachers Insurance and Annuity Association (“T.I.A.A.”). Under this arrangement, the University and plan participants make monthly contributions to T.I.A.A. to purchase individually owned annuity contracts. The plan provides for the University to contribute an amount of 1.0 percent - 3.5 percent greater than the employee’s contribution as specified by the plan agreement. Vesting provisions are full and immediate. There are no unfunded past service costs. The University’s share of the cost of these benefits was \$4,529,419 and \$4,707,514 for 2016 and 2015, respectively.

The University participates in an unfunded defined benefit postretirement plan which provides certain health, vision and dental benefits to eligible employees. Employees age 55 and over become eligible for benefits after completing 15 years of full-time service. The plan is contributory; with retiree contributions adjusted periodically and contains cost-sharing features such as deductibles and coinsurance. Effective June 1, 2014, the plan was amended, requiring all new early retiree enrollees (age 55-65) to pay 100 percent of premiums for the plan. The accrued benefit obligation related to the postretirement employee health insurance benefit plan was \$318,076 and \$567,288 at May 31, 2016 and 2015, respectively.

Note 13: Insurance Coverage

The University participates in the College and University Risk Management Association of Missouri (“CURMA”), which provides the property, crime, general and auto liability and excess liability insurance. Should actual insurance losses exceed CURMA’s estimates, the University could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall financial position or operations of the University.

Note 14: Foreign Currency Translation

The accounts and transactions of subsidiaries located outside the United States are translated into United States dollars using the exchange rates in effect at the date of the consolidated statements of financial position and the average exchange rates prevailing throughout the period, respectively, in accordance with GAAP. An analysis of the changes in the cumulative foreign currency translation adjustment for the years ended May 31, 2016 and 2015, is as follows:

	2016	2015
Balance, beginning of year	\$ (3,733,295)	\$ (4,420,604)
Translation adjustment	(671,335)	687,309
Balance, end of year	<u>\$ (4,404,630)</u>	<u>\$ (3,733,295)</u>

Webster University
Notes to Consolidated Financial Statements
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In addition, transaction gains and losses result from exchange rate changes on transactions denominated in currencies other than the functional currency. Losses on foreign currency transactions are included in the appropriate functional expense categories of the consolidated statements of activities. (Gain) loss on foreign currency transactions were \$(203,613) and \$3,008,698 for 2016 and 2015, respectively.

Note 15: Contingencies

The University is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the University. Events could occur that would change management's opinion and have a material adverse impact in the near term.

Note 16: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were issued.

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APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

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APPENDIX C SUMMARIES OF LEGAL DOCUMENTS

DEFINITIONS OF WORDS AND TERMS

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in the Indenture, the Loan Agreement, and this Official Statement.

“5-Year Constant Maturity Treasury Rate” means, related to the Series 2015 Bonds, the yield to maturity of the United States Treasury security maturing five (5) years from the Interest Rate Determinate Date as provided by the U.S. Department of the Treasury. (Treasury Rates are currently available at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>.)

“5-Year Reset Rate” means, related to the Series 2015 Bonds, an interest rate equal to 65% of the sum of the then 5-year Constant Maturity Treasury Rate plus 1.70%, established as of the Interest Rate Determination Date preceding the applicable Reset Date.

“10-Year Constant Maturity Treasury Rate” means, related to the Series 2015 Bonds, the yield to maturity of the United States Treasury security maturing ten (10) years from the Interest Rate Determination Date as provided by the U.S. Department of the Treasury. (Treasury Rates are currently available at <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>.)

“10-Year Reset Rate” means, related to the Series 2015 Bonds, an interest rate equal to 65% of the sum of the 10-year Constant Maturity Treasury Rate plus 1.70%, established as of the Interest Rate Determination Date preceding the Reset Date.

“2015 Project” means the acquisition, construction, extension, improvement, equipping and furnishing of Improvements on the Borrower’s campus located in the City of Webster Groves, Missouri, including, without limitation: (i) an electrical substation, (ii) a parking garage, and (iii) an academic interdisciplinary science building and related improvements and equipment, as further described in Exhibit E to the 2015 Tax Compliance Agreement, the costs of which will be paid in whole or in part, or for which the Borrower will be reimbursed in whole or in part from the proceeds of the sale of the Series 2015 Bonds or from the proceeds of loans refinanced, in whole or in part, from the proceeds of the sale of the Series 2015 Bonds, and which constitute a “project,” as defined in the Act.

“2015 Purchaser” means, with respect to the Series 2015 Bonds, the original purchaser of the Series 2015 Bonds, its successors and assigns, including any future Holder of the Series 2015 Bonds.

“2015 Tax Compliance Agreement” means the Tax Compliance Agreement dated as of October 1, 2015 by and among the Issuer, the Trustee, and the Borrower.

“2017 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of June 1, 2017, executed by the Borrower with respect to the Series 2017 Bonds.

“2017 Purchaser” means, with respect to the Series 2017 Bonds, UMB Bank, N.A., on behalf of itself and the other purchasers listed in the purchase contract for the Series 2017 Bonds.

“2017 Purchase Contract” means, with respect to the Series 2017 Bonds, the purchase contract among the Issuer, the Borrower, and 2017 Purchaser.

“2017 Tax Compliance Agreement” means the Tax Compliance Agreement dated as of June 1, 2017 by and among the Issuer, the Trustee, and the Borrower.

“Act” means the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, as from time to time amended.

“Additional Bonds” means bonds which may be issued under the Indenture.

“Additional Notes” means any additional parity Notes issued by the Borrower to the Issuer, pursuant to the Loan Agreement, in connection with the issuance of Additional Bonds under the Loan Agreement.

“Additional Obligations” means any Indebtedness of the Borrower issued or incurred by the Borrower in accordance with the Loan Agreement and secured on a parity with the Bonds, which obligations may be issued to any Person including Persons other than the Issuer.

“Additional Payments” means the amounts required to be paid by the Borrower pursuant to the provisions of the Loan Agreement.

“Additional Projects” means additional projects financed with the proceeds of Additional Bonds.

“Authenticating Agent” means the Trustee and the Registrar for the series of Bonds and any bank, trust company, or other Person designated as an Authenticating Agent for such series of Bonds by or in accordance with the Indenture, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

“Authorized Borrower Representative” means the chairman or vice chairman of the governing board of the Borrower, the president or any vice president of the Borrower and any other person or persons at the time designated to act on behalf of the Borrower in matters relating to the Indenture and the Loan Agreement as evidenced by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Borrower by its chairman, vice chairman, president, or any vice president. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the Authorized Borrower Representative.

“Authorized Issuer Representative” means (a) the chairman, vice Chairman, or executive director of the Issuer, (b) such other person or persons at the time designated to act on behalf of the Issuer in matters relating to the Indenture and the Loan Agreement as evidenced by a written certificate furnished to the Borrower and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Issuer by its chairman, vice chairman or executive director, and (c) any other duly authorized officer of the Issuer whose authority to execute any particular instrument or take a particular action under the Indenture or the Loan Agreement is evidenced to the satisfaction of the Trustee.

“Available Bond Proceeds” means with respect to the Series 2015 Bonds the sum of \$26,000,000, subject to satisfaction of the conditions for disbursement set forth in Section 502 and other terms and provisions of the Supplemental Indenture No. 1.

“Available Temporarily Restricted Assets” means assets that are required to be designated as temporarily restricted in conformity with generally accepted accounting principles that are available to pay Indebtedness, as certified by the Borrower.

“Bond Counsel” means, with respect to the original issuance of the Series 2011 Bonds, Armstrong Teasdale LLP, St. Louis, Missouri, and thereafter such other firm of nationally recognized attorneys at law experienced in issuing opinions with respect to tax-exempt bonds under the exemptions provided in the Code, which firm is selected by the Borrower and acceptable to the Issuer.

“Bond Documents” means and includes (without limitation), the Series 2011 Bonds, the Indenture, the Loan Agreement, the Notes, the Purchase Contract, the Tax Compliance Agreement and any and all other documents which the Issuer, the Borrower, or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer’s obligations under the Indenture or the Borrower’s obligations under the Loan Agreement, or any part thereof or in connection therewith. When the term “Bond Documents” is used in the context of the authorization, execution, delivery, approval, or performance of Bond Documents by a party thereto, the same shall mean only those Bond Documents that provide for or contemplate authorization, execution, delivery, approval, or performance by such party. When the term Bond Documents is used in the context of the Series 2015 Bonds, it also includes the Supplemental Loan Agreement No. 1, the Supplemental Indenture No. 1, the Series 2015 Bonds, the Series 2015 Notes, and the Bond Purchase Agreement. When the term Bond Documents is used in the context of the Series 2017 Bonds, it also includes the Supplemental Loan Agreement No. 2, the Supplemental Indenture No. 2, the Series 2017 Bonds, the Series 2017 Note, the 2017 Continuing Disclosure Agreement, the 2017 Tax Compliance Agreement, the Escrow Agreement and the 2017 Purchase Contract.

“Bond Purchase Agreement” means, with respect to the Series 2015 Bonds, the Bond Purchase Agreement among the Issuer, the Borrower and the 2015 Purchaser.

“Bond Resolution” means (a) when used with reference to the Series 2011 Bonds, the resolution adopted by the Issuer on June 1, 2011 authorizing and approving the issuance and sale of the Series 2011 Bonds and approving the Loan Agreement, the Indenture, and related matters; (b) when used with reference to an issue of Additional Bonds, the resolution adopted by the Issuer providing for the issuance of the Series 2011 Bonds, to the extent applicable, and the resolution adopted by the Issuer providing for the issuance of the Additional Bonds and approving any amendment or supplement to the Loan Agreement, any Supplemental Indenture, and related matters; and (c) when used with reference to Bonds when Additional Bonds are Outstanding, the resolution adopted by the Issuer providing for the issuance of the Series 2011 Bonds and the resolution adopted by the Issuer providing for the issuance of the then Outstanding and the then to be issued Additional Bonds; in each case as amended or supplemented from time to time.

“Bond Service Charges” means, for any period or payable at any time, the principal of, premium, if any, and interest due on the Bonds for that period or payable at that time whether due at maturity or upon acceleration or redemption or otherwise.

“Bond Year” means, during the period while the Series 2011 Bonds remain Outstanding, any annual period commencing on the anniversary date of the original issuance and delivery of the Series 2011 Bonds, with the earliest Bond Year commencing with that original date and the last Bond Year commencing on the anniversary date of such original date preceding or falling on the final payment in full of all Outstanding Bonds of each series.

“Bond” or *“Bonds”* means any bond or bonds, including the Series 2015 Bonds, the Series 2017 Bonds and any other Additional Bonds, authenticated and delivered under and pursuant the Indenture.

“Book-Entry Form” or *“Book-Entry System”* means, with respect to the Series 2011 Bonds, a form or system, as applicable, under which (a) the beneficial ownership of the Series 2011 Bonds may be transferred only through a book-entry-only system, and (b) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository.

“Book Value” means, when used with respect to the Property of the Borrower, the value of such Property, net of accumulated depreciation and amortization, as it is carried on the books of account of the Borrower as reflected in the most recent audited financial statements of the Borrower.

“Borrower” means Webster University, a Missouri nonprofit corporation and an “educational institution” as defined in the Act, and its lawful successors and assigns, to the extent permitted by the Indenture.

“Business Day” means any day other than a Saturday, Sunday, holiday, or a day on which banks located in the city or cities in which the corporate trust office of the Trustee, in St. Louis, Missouri, is required or authorized to close for general banking business, or on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations (whether proposed, temporary, or final) under that Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Series 2011 Bonds.

“Commitment Indebtedness” means the obligation of the Borrower to repay amounts disbursed pursuant to a binding commitment from a financial institution (including a line of credit, letter of credit, standby bond purchase agreement, reimbursement agreement or similar credit or liquidity facility or arrangement established in connection with the issuance or incurrence of any Indebtedness of the Borrower) to refinance, pay, purchase or redeem when due, tendered or required to be paid, purchased or redeemed, other Indebtedness of the Borrower which was incurred or issued in accordance with the provisions of the Loan Agreement, and the obligation of the Borrower to pay interest payable on amounts disbursed for such purposes, plus any fees payable to such financial institution for such commitment.

“Consultant’s Report” means a written report of an individual consultant or accountant or firm of consultants or accountants, selected by the Borrower and acceptable to the Trustee, having the skill and experience necessary to render the particular report, certification or service required by the Indenture or the Loan Agreement and having a favorable reputation for such skill and experience, which individual or firm shall have no interest, direct or indirect, in the Borrower, and, in the case of an individual, shall not be a director, officer or employee of the Borrower, and, in the case of a firm, shall not have a partner, member, director, officer or employee who is a director, officer or employee of the Borrower.

“Current Value” means (a) with respect to Property, the aggregate fair market value of such Property as determined by (i) a written report of an appraiser, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Trustee (which report shall be dated not more than three years prior to the date of which Current Value is to be calculated), or (ii) a bona fide offer for the purchase of such Property made on an arm’s length basis within six months of the date of determination as established by an Officer’s Certificate; and (b) with respect to any other Property, the fair market value of such Property, which fair market value shall be evidenced by an Officer’s Certificate of the Borrower, on which the Trustee can conclusively rely.

“Costs of Issuance Fund” means the fund by that name created in the Indenture.

“Debt Service Fund” means the fund by that name created in the Indenture.

“Debt Service Requirements” means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption or otherwise) and interest payments required to be made during such period on the Outstanding Bonds and Additional Obligations.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in the Series 2011 Bonds, and to effect transfers of book-entry interests in the Series 2011 Bonds in Book-Entry Form, and includes and means initially DTC.

“Determination of Taxability” means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling, or technical advice by any federal judicial or administrative authority which has the effect of requiring interest on the Series 2011 Bonds to be included in the gross income of the Holders for federal income tax purposes, or (ii) the receipt by the Trustee of a written Opinion of Bond Counsel to the effect that interest on the Series 2011 Bonds must be included in the gross income of the Holders for federal income tax purposes; provided that no decision by any court or decision, ruling, or technical advice by any administrative authority shall be considered final (a) unless the Holder involved in the proceeding or action giving rise to such decision, ruling, or technical advice (i) gives the Borrower and the Trustee prompt notice of the commencement thereof, and (ii) offers the Borrower the opportunity to control the contest thereof, provided the Borrower shall have agreed to bear all expenses in connection therewith and to indemnify that Holder against all liabilities in connection therewith, and (b) until the expiration of all periods for judicial review or appeal; and, as to any series of Additional Bonds, any *“Determination of Taxability”* defined in the applicable Bond Resolution or Supplemental Indenture.

“Direct Participant” means those broker-dealers, banks, and other financial institutions from time to time for which the Depository holds Bonds as securities depository and for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository and, for so long as DTC is the Depository for the Series 2011 Bonds, means a *“Direct Participant”* as defined in the Letter of Representations.

“DTC” means The Depository Trust Company (a limited purpose trust company), New York, New York.

“Eligible Investments” means:

- (a) Government Obligations.
- (b) Obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America.
- (c) Stripped securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of investments itemized in paragraphs (a) and (b) above if these securities or receipts are rated by a Rating Agency in the highest category.
- (d) Obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing or of the District of Columbia as described in Section 103(a) of the Code if these investments are graded in the highest 3 major grades as determined by at least one national rating service or be secured, as to payments of principal and interest, by a letter of credit provided by a financial institution or insurance provided by a bond insurance company which itself or its debt is rated in the highest 2 major grades as determined by at least one national rating service.
- (e) Banker’s acceptances, trust funds, trust accounts time deposits, demand deposits, overnight bank deposits, interest bearing deposits, interest bearing money market

accounts, commercial accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the trustee and the Borrower), or depository receipts issued by a bank, trust company, savings and loan association, savings bank, a credit union, or other financial institution, including the Trustee or any of its affiliates, whose deposits are, as appropriate, insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or any successor entity or are rated in the highest rating category by Moody's or Standard & Poor's rating services ("S&P").

- (f) Commercial paper rated at the time of purchase not less than "Aa" by Moody's or "AA" by Fitch or within the two highest classifications established by at least one national rating service, and which matures within 270 days after the date of issue.
- (g) Repurchase or reverse repurchase agreements against obligations itemized in paragraphs (a) through (c) above, and executed by a bank or trust company or by members of the association of primary dealers or other recognized dealers in United States government securities, the market value of which must be maintained at levels at least equal to the amounts advanced and which obligations must be held in the custody of the Trustee or the Trustee's agent.
- (h) Any money market fund having a rating in the highest rating category granted thereby from S&P or Moody's, of a registered investment company which exclusively purchases and holds the investments itemized in paragraphs (a) through (f) above, including those for which the Trustee or an affiliate of the Trustee provides services and receives a fee, notwithstanding that (i) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (ii) services performed for such funds pursuant to the Indenture may at time duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.
- (i) Investment agreements or guaranteed investment contracts with any financial institution (including insurance companies) which itself or whose debt is rated "AAA" (or its equivalent) by at least one national rating service.
- (j) Eurodollar time deposits in a bank or branch in the United States owned by a bank domiciled outside the United States. This type of investment must be in a bank with total assets of at least US \$45,000,000,000 and with a long-term debt rating of at least "AA" (or its equivalent) by at least one national rating service.

"Environmental Laws" means any now-existing or hereafter enacted or promulgated federal, State, local, or other law, statute, ordinance, rule, regulation or court order pertaining to (i) environmental protection, regulation, contamination or clean-up, (ii) toxic waste, (iii) underground storage tanks, (iv) asbestos or asbestos-containing materials, or (v) the handling, treatment, storage, use or disposal of Hazardous Materials, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, all as exist from time to time.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., as Escrow Agent under the terms of the Escrow Agreement.

"Escrow Agreement" means the Escrow Trust Agreement dated as of the closing of the Series 2017 Bonds, between the Issuer and the Escrow Agent, relating to the refunding of certain Series 2011 Bonds.

“Event of Default” means any of the events described as an Event of Default in the Indenture or the Loan Agreement.

“Expenses” means, for any period of time for which calculated, the total of all operating and non-operating expenses and losses incurred during such period by the Borrower from the operation of the Borrower, determined in accordance with generally accepted accounting principles, other than (a) interest expense, (b) depreciation and amortization, and (c) extraordinary losses resulting from the early extinguishment of debt, the sale or other disposition of assets not in the ordinary course of business or any reappraisal, revaluation or write-down of assets, and any other extraordinary losses or expenses.

“Fiscal Year” means any period beginning on June 1 of any calendar year and ending on May 31 of the following year or such other twelve-month period selected by the Borrower as its fiscal year for financial reporting purposes.

“Fitch” means Fitch Ratings Ltd., or its successors and assigns.

“Force Majeure” means any of the causes, circumstances, or events described as constituting Force Majeure in the Loan Agreement.

“Government Obligations” means the following:

- (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations for which the full and timely payment of the principal and interest is unconditionally guaranteed by, the United States of America, issued by or through the Federal Reserve Bank, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“Guaranty” means an obligation of the Borrower guaranteeing in any manner, whether directly or indirectly, any indebtedness or other obligation of any other Person which indebtedness or obligation would constitute Indebtedness if such Person were the Borrower.

“Hazardous Materials” means all (i) “hazardous substances” (as defined in 42 U.S.C. §9601(14)), (ii) extremely hazardous substances subject to regulation under Title III of the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, (iii) hazardous chemicals as defined by the OSHA Hazard Communication Standard, (iv) natural gas, liquids, liquefied natural gas, or synthetic gas, (v) any petroleum, petroleum-based products, or crude oil, or any fraction thereof, or (vi) any other hazardous or toxic substances, hazardous or solid wastes or materials, pollutants, contaminants, or any other substances or materials which are included under or regulated by any Environmental Law.

“Holder” or *“Holder of a Bond”* or *“Bondholder”* means the Person in whose name a Bond is registered on the Register.

“Improvements” means certain “educational facilities” of the Borrower, including, without limiting the generality of the foregoing, one or more academic buildings and other capital improvements constituting “educational facilities” to be acquired, constructed, reconstructed, repaired, altered, and improved upon the Real Property.

“Indenture” means the Original Indenture, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of Article VII of the Original Indenture, including the Supplemental Indenture No. 1 and Supplemental Indenture No. 2.

“Indebtedness” means all indebtedness or obligations of the Borrower for the repayment of borrowed money (including capital leases, installment purchase contracts and guarantees of indebtedness) shown as liabilities on the balance sheet of the Borrower or which are properly capitalized on the balance sheet of the Borrower in accordance with generally accepted accounting principles in effect as of the date of the Loan Agreement (including obligations evidenced or secured by Notes and obligations not evidenced or secured by Notes).

“Insurance Consultant” means an individual or firm, selected by the Borrower, qualified to survey risks and to recommend insurance coverage for organizations engaged in like operations to those of the Borrower and having a favorable reputation for skill and experience in such surveys and such recommendations, which individual or firm shall have no interest, direct or indirect, in the Borrower and in the case of an individual, shall not be a director, officer, or employee of the Borrower, and, in the case of a firm, shall not have a partner, member, director, officer, or employee who is a director, officer, or employee of the Borrower and who may be a broker or agent with whom the Borrower transacts business.

“Interest Payment Date” means with respect to the Series 2015 Bonds, April 1 and October 1 of each year, beginning on April 1, 2016; as to the Series 2017 Bonds, April 1 and October 1 of each year, beginning on October 1, 2017; and as to Additional Bonds, each date designated as an Interest Payment Date in the form of bond for which provision is made in the applicable Supplemental Indenture or Bond Resolution.

“Interest Rate” means, with respect to the Series 2015 Bonds –

- (a) If a Determination of Taxability has not occurred or has been rescinded, the Interest Rate from the closing date of the Series 2015 Bonds to but not including April 1, 2025 shall be 2.61% per annum; and thereafter for each Interest Rate Period, either the 5-Year Reset Rate or the 10-Year Reset Rate as selected by the Borrower pursuant to Section 301 of this Supplemental Indenture No. 1; and
- (b) If a Determination of Taxability has occurred and has not been rescinded, the Interest Rate shall be the Taxable Rate.

“Interest Rate Determination Date” means with respect to the Series 2015 Bonds, the second Business Day preceding the applicable Reset Date; unless otherwise agreed to by the 2015 Purchaser and the Borrower.

“Interest Rate Period” means with respect to the Series 2015 Bonds (a) if the Borrower selects the 5-Year Reset Rate, the period beginning on April 1 of the year such selection is made and ending on March 31 of the fifth year following such selection, and (b) if the Borrower selects the 10-Year Reset Rate, the period beginning on April 1 of the year such selection is made and ending on March 31 of the tenth year following such selection.

“Issuer” means the Health and Educational Facilities Authority of the State of Missouri and its successors and assigns, or any body, agency, or instrumentality of the State of Missouri succeeding to or charged with the powers, duties, and functions of the Issuer.

“Letter of Representations” means (a) for so long as DTC is the Depository for any series of Bonds, collectively, the Blanket Issuer Letter of Representations filed by the Issuer with the Depository

and the Operational Arrangements Letter of Representations filed by the Trustee with the Depository, (b) if a Book-Entry System for any Bonds is established with another Depository, the agreement with such Depository pursuant to which the Book-Entry System for the Bonds will be established.

“Liquidity Ratio” means the ratio of the Unrestricted Resources to outstanding Long-Term Indebtedness (exclusive of Non-Recourse Indebtedness) as of the applicable Fiscal Year end.

“Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement, dated as of even date with the Indenture, between the Issuer and the Borrower, as amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Borrower on the Loan as “Loan Payments” pursuant to the Loan Agreement.

“Long-Term Indebtedness” means Indebtedness having a maturity greater than one year or renewable or extendible at the option of the debtor for a period greater than one year from the date of original measurement (excluding current maturities) and all Indebtedness required to be classified as long-term indebtedness in accordance with generally accepted accounting principles.

“Maximum Annual Debt Service” means the maximum amount of Debt Service Requirements as computed from the then current Fiscal Year.

“Maximum Annual Debt Service Ratio” means the ratio of Maximum Annual Debt Service to Unrestricted Gross Revenues for the applicable Fiscal Year.

“Moody’s” means Moody’s Investors Service, Inc., or its successors and assigns.

“Net Proceeds,” when used with respect to any damage, destruction, condemnation, or loss of title of any part of the Project, means the gross proceeds from any insurance (or self-insurance) relating to such damage or destruction, or condemnation award with respect to the Project or realization of title insurance with respect to any deficiency or loss of title to any part of the Project, remaining after the payment of all expenses (including attorneys’ fees and any expenses of the Issuer or the Trustee) incurred in the collection of such gross proceeds.

“Net Revenues Available for Debt Service” means, for any period of calculation, all Unrestricted Gross Revenues minus Expenses, all as determined on a consolidated or combined basis in accordance with generally accepted accounting principles.

“Non-Recourse Indebtedness” means Long-Term Indebtedness secured by a deed of trust, lien or security interest in Property, the liability for which is limited to the Real Property subject to such encumbrance, with no other recourse, directly or indirectly, to the general credit of the Borrower or to any other Real Property of the Borrower.

“Notes” means the Series 2015 Note, the Series 2017 Note and any Additional Notes.

“Officer’s Certificate” means a written certificate of the Borrower signed by the Authorized Borrower Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Borrower with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“Opinion of Counsel” means a written opinion of any legal counsel having expertise in the matters covered in such opinion and acceptable to the Borrower and the Trustee and, to the extent the Issuer is asked to take action in reliance thereon, the Issuer, who may be an employee of or counsel to the Borrower or the Trustee.

“Original Indenture” means the Trust Indenture dated as of July 1, 2011, as originally executed by the Issuer and the Trustee.

“Original Loan Agreement” means the Loan Agreement dated as of July 1, 2011, as originally executed by the Issuer and the Borrower.

“Original Purchaser” means, as to the Series 2011 Bonds, Stifel, Nicolaus & Company, Incorporated, on behalf of itself and the other purchasers listed in the Purchase Contract for the Series 2011 Bonds, and as to Additional Bonds, the Person or Persons identified as the purchaser or purchasers in the applicable purchase contract.

“Outstanding” means:

- (a) as applied to Bonds means, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:
 - (i) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;
 - (ii) Bonds, or the portion thereof, for the payment, redemption, or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;
 - (iii) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and
 - (iv) Bonds in lieu of which others have been authenticated under the Indenture.
- (b) when used with respect to Notes and other Indebtedness, as of the date of determination, all Notes and other Indebtedness theretofore issued or incurred by the Borrower, except:
 - (i) Notes, to the extent that the related Bonds are no longer deemed Outstanding under the Indenture; and

- (ii) Indebtedness other than Notes, to the extent the obligation to make payments on such Indebtedness has been discharged in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

For purposes of approval of consent by the Holders, “Outstanding” as applied to Bonds, shall not include Bonds owned by the Issuer or the Borrower; except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of a Holder, only Bonds which the Trustee actually knows to be owned by the Issuer or the Borrower shall be disregarded unless all Bonds are owned by the Issuer or the Borrower, in which case such Bonds shall be considered Outstanding for the purpose of such determination.

“*Paying Agent*” means any bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

“*Permitted Encumbrances*” means, with respect to the Property, the following:

- (a) the lien and security interest of the Loan Agreement and any other liens or security interests in the Property that equally and ratably secure all of the Notes on a parity basis;
- (b) liens for taxes, assessments, and other governmental charges not delinquent, or if delinquent are being contested in good faith by appropriate proceedings and as to which the Borrower shall have set aside on its books adequate reserves with respect thereto;
- (c) mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s liens not filed of record and similar charges not delinquent, or if filed of record are being contested in good faith and have not proceeded to judgment and as to which the Borrower shall have set aside on its books adequate reserves with respect thereto;
- (d) liens in respect of judgments or awards with respect to which the Borrower is in good faith currently prosecuting an appeal or proceedings for review, and with respect to which the Borrower shall have secured a stay of execution pending such appeal or proceedings for review, provided the Borrower shall have set aside on its books adequate reserves with respect thereto;
- (e) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions that do not materially affect the marketability of title to such Property and do not in the aggregate materially impair the use of such Property for the purposes for which it is held by the Borrower;
- (f) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Property affected thereby and which do not materially affect the marketability of title to or value of such Property and do not materially impair the use of such Property for the purposes for which it is held by the Borrower;
- (g) zoning laws, ordinances or regulations and similar restrictions that are not violated by the Property affected thereby;
- (h) statutory rights relating to grants under any federal or state statute;
- (i) statutory liens and rights of setoff granted to banks or other financial Borrowers with respect to funds on deposit in the ordinary course of business, including the exceptions

listed on Schedule B to the title commitment no. 1008584 issued by Old Republic Title Company of St. Louis, Inc.;

- (j) all right, title and interest of the state, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;
- (k) rights reserved to, or vested in, any municipality or governmental or other public authority by virtue of any franchise, license, contract or statute to control or regulate any Property of the Borrower, or to use such Property in any manner, or to purchase, or designate a purchaser of or order the sale of, any Property of the Borrower upon payment of cash or reasonable compensation therefor, or to terminate any franchise, license or other rights, including the exceptions listed on Schedule B to the title commitment no. 1008584 issued by Old Republic Title Company of St. Louis, Inc.;
- (l) liens arising by reason of (1) good faith deposits with the Borrower in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), (2) deposits by the Borrower to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, (3) deposits as security for the payment of taxes or assessments or other similar charges, and (4) deposits with, or the giving of any form of security to, any municipality or governmental or other public authority for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;
- (m) restrictions on Property received by the Borrower through gifts, grants, bequests, contributions or donations imposed by the donor or grantor of such Property and which consist solely of restrictions on the use of such Property or the income therefrom;
- (n) liens existing on Property at the time of its acquisition by the Borrower through purchase, lease or otherwise, or liens existing on Property of a Person on the date such Person merges into or consolidates with the Borrower that were not imposed or incurred in contemplation of such Person merging into or consolidating with the Borrower; provided, that no such lien may be increased, extended, renewed, or modified after such date to apply to any Property of the Borrower not subject to such lien on such date unless such lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Encumbrance;
- (o) leases, under which the Borrower is lessor, that relate to Property of the Borrower which is of a type that is customarily the subject of such leases including leases of food service facilities, parking facilities, and any other leases entered into in accordance with the disposition of Property provisions of the Loan Agreement;
- (p) any lien created pursuant to the terms of a management contract entered into in accordance with the provisions of the Tax Compliance Agreement;
- (q) purchase money mortgages, security interests, and liens securing Purchase Money Indebtedness, placed upon Property in order to obtain the use of such Property or to secure a portion of the purchase price thereof;

- (r) liens on Property securing Commitment Indebtedness issued in support of any Long-Term Indebtedness which are equal in rank and priority with or subordinate to the liens granted to secure the Long-Term Indebtedness;
- (s) liens on Property securing Subordinated Indebtedness;
- (t) any other liens on Property expressly permitted by the Loan Agreement or approved in writing by the owners of all of the Bonds.

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities, and natural persons.

“Project” means the acquisition, construction, reconstruction, repair, alteration, and improvement of the Improvements upon the Real Property and all Additional Projects, the costs of which are paid in whole or in part, or for which the Borrower is reimbursed in whole or in part, from the proceeds of the sale of Bonds or from proceeds of loans refinanced, in whole or in part, from the proceeds of the sale of Bonds, and which constitute “educational facilities,” as defined in the Act and the refunding of such Bonds; provided, however, that the Borrower may make changes and amendments to the Project as provided in the Loan Agreement.

“Project Fund” means the fund by that name created in the Indenture.

“Property” means, with respect to the Borrower, any and all rights, titles, and interests of the Borrower in and to all land, leasehold interests, buildings, fixtures, and equipment comprising the primary operations of the Borrower, including the educational facilities of the Borrower known as Webster University and located at 470 East Lockwood Avenue, in St. Louis, Missouri, including the Project, and any and all other property, whether real or personal, tangible (including cash) or intangible, whether situated and whether now owned or hereafter acquired; provided, however, that Property of the Borrower shall not include (a) any assets of “employee pension benefit plans” as defined in the Employee Retirement Income Security Act of 1974, as amended, (b) any assets of a self-insurance trust which prohibits any application of such assets for purposes which are not related to claims as defined in the governing trust document, (c) all endowment funds and property derived from gifts, grants, research contracts, bequests, donations and contributions made to or with the Borrower which are specifically restricted by the donor, testator or grantor to a particular purpose, and the income and gains derived therefrom, and (d) any other property, which may be established by the Borrower in an Officer’s Certificate delivered to the Trustee, upon which none of the primary operations of the Borrower are conducted and which does not constitute a material or integral part of the primary operations of the Borrower and is not material in the generation of Net Revenues Available for Debt Service.

“Property, Plant, and Equipment” means the entire complex of tangible assets used by the Borrower as shown on the balance sheet of the Borrower, determined on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied.

“Purchase Contract” means the purchase contract among the Issuer, the Borrower, and the Original Purchaser with respect to the Series 2011 Bonds.

“Purchase Money Indebtedness” means Indebtedness incurred by the Borrower pursuant to a purchase money contract, conditional sale agreement, installment purchase contract, capitalized lease, or other similar debt or title retention agreement in connection with the acquisition of real or personal property and secured by a purchase money mortgage, security interest or lien with respect to the property

acquired by the Borrower, where the lien of the seller or lender under such agreement is limited to such property.

“Put Indebtedness” means Indebtedness that is payable or required to be purchased or redeemed, at the option of the holder thereof, prior to its stated maturity date.

“Rating Agency” means Moody’s, Fitch, or any other nationally recognized entity assigning credit ratings to long term debt designated by the Borrower and satisfactory to the Trustee.

“Real Property” means the real property owned by the Borrower and located in the City of Webster Groves, St. Louis County, Missouri, as further described on an exhibit to the Indenture.

“Rebate Fund” means the fund by that name created in the Indenture.

“Refunding Indebtedness” means Long-Term Indebtedness issued for the purpose of refunding other Long-Term Indebtedness (including Long-Term Indebtedness commonly referred to as current refunding indebtedness, advance refunding indebtedness or cross-over refunding indebtedness where the proceeds of such Refunding Indebtedness are deposited in an irrevocable escrow or trust account to secure the payment on the applicable payment dates of the interest and principal on such Refunding Indebtedness and or the Indebtedness being refunded).

“Register” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to the Indenture.

“Registrar” means, as to the Series 2011 Bonds, The Bank of New York Mellon Trust Company, N.A., until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture and as to any series of Additional Bonds, the Person appointed as Registrar for such Bonds, pursuant to the applicable Bond Resolution or Supplemental Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means, with respect to any Bond, the fifteenth day (whether or not a Business Day) next preceding an Interest Payment Date applicable to that Bond.

“Reserved Rights” means those certain rights of the Issuer and the Authorized Issuer Representatives under the Loan Agreement to indemnification, to provide approval and consents thereunder, and to payments of certain Issuer fees and expenses, public liability insurance proceeds, and indemnity payments, its right to collection of attorneys’ fees, and its right to receive certain notices, all as more fully described in the Loan Agreement.

“Reset Date” means (1) April 1, 2025, and (2) each April 1 thereafter following an Interest Rate Period.

“Revenues” means (a) the amounts required to be paid by the Borrower as Loan Payments (subject, however, to the limitations set forth in the Loan Agreement), (b) all other moneys received or to be received by the Issuer or the Trustee in respect of payments under the Loan Agreement, (c) all moneys and investments in the Debt Service Fund, (d) all moneys and investments in the Project Fund, and (e) all income and profit of the investment of the foregoing moneys. “Revenues” does not include any moneys or investments in the Rebate Fund.

“Series 2011 Bonds” means the \$61,385,000 Educational Facilities Improvement and Refunding Revenue Bonds (Webster University Project) Series 2011, dated as of the date of delivery, and issued by the Issuer pursuant to the Indenture.

“Series 2015 Bonds” means the Issuer’s Educational Facilities Revenue Bonds (Webster University Project), Series 2015, in an aggregate principal of \$26,000,000 issued pursuant to the Supplemental Indenture No. 1.

“Series 2015 Note” means the promissory note which evidences the obligation of the Borrower to repay the loan to the Borrower of the proceeds of the Series 2015 Bonds and which is referred to in Article IV of the Supplemental Loan Agreement No. 1.

“Series 2017 Bonds” means the Issuer’s Educational Facilities Refunding Revenue Bonds (Webster University Project), Series 2017, in an aggregate principal of \$46,690,000 issued pursuant to the Supplemental Indenture No. 2.

“Series 2017 Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Issuer, the Borrower, or the Trustee and related to the authorization, issuance, sale, and delivery of the Series 2017 Bonds, including advertising and printing costs, costs of preparation and reproduction of documents, public records search fees, filing and recording fees, title insurance costs, survey costs, environmental audit costs, flood insurance costs, initial fees, and charges of the Trustee, any disbursing agents, and any disbursement advisors, disbursing fees, Bond Counsel fees, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Supplemental Indenture No. 2.

“Series 2017 Note” means the promissory note which evidences the obligation of the Borrower to repay the loan to the Borrower of the proceeds of the Series 2017 Bonds and which is referred to in Article III of the Supplemental Loan Agreement No. 2.

“Short-Term Indebtedness” means Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof and not renewable or extendible at the option of the original obligor thereon for a term greater than one year beyond the date of original incurrence.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to the Indenture.

“State” means the State of Missouri.

“Subordinated Indebtedness” means Indebtedness that by the terms thereof is specifically junior and subordinate to the Bonds, the Notes, and any Additional Obligations with respect to payment of principal and interest thereon.

“Supplemental Indenture” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“Supplemental Indenture No. 1” the Supplemental Indenture of Trust No. 1 entered into by the Issuer and the Trustee dated as of October 1, 2015.

“Supplemental Indenture No. 2” the Supplemental Indenture of Trust No. 2 entered into by the Issuer and the Trustee dated as of June 1, 2017.

“Supplemental Loan Agreement” means any agreement supplemental or amendatory to the Loan Agreement entered into by the Issuer and the Borrower pursuant to the Loan Agreement.

“Supplemental Loan Agreement No. 1” means the Supplemental Loan Agreement No. 1 entered into by the Issuer and the Borrower dated as of October 1, 2015.

“Supplemental Loan Agreement No. 2” means the Supplemental Loan Agreement No. 2 entered into by the Issuer and the Borrower dated as of June 1, 2017.

“Taxable Rate” means, with respect to the Series 2015 Bonds, the product of (a) the tax-exempt interest rate borne by on the Series 2015 Bonds during each Interest Rate Period pursuant to subsection (a) of Interest Rate and (b) 1.54.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of July 1, 2011 by and among the Issuer, the Trustee, and the Borrower.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a “private foundation” within the meaning of Section 509(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“Tuition and Fees” means tuition, fees, and moneys received by the Borrower from any source on account of the academic instruction or services provided by the Borrower to its students, whether or not termed tuition and whether or not consisting of partial or total financial aid.

“Unrestricted Gross Revenues” means, for any period of calculation, the Tuition and Fees and all other unrestricted revenues of the Borrower as shown on its financial statements for such period, excluding, (a) financial aid, tuition discounts, and fee discounts for such period, (b) unrealized gains or losses on investments for such period, (c) any pledges by donors made in such period but not actually collected in such period, and (d) revenues from facilities pledged to Non-Recourse Indebtedness required to pay debt service on such Non-Recourse Indebtedness, and including (x) net assets released from temporary restriction in such period, and (y) any donations actually collected in such period, the pledge of which was recorded as restricted revenues for a prior period.

“Unrestricted Net Assets” means those net assets whose use is not restricted by donor-imposed stipulations as shown on the balance sheet of the Borrower, determined on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied.

“Unrestricted Resources” means Unrestricted Net Assets, plus Available Temporarily Restricted Assets, less the difference of net Property, Plant, and Equipment and the aggregate principal amount of all outstanding Long-Term Indebtedness.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, a copy of which is available from the Issuer.

Trust Estate. To declare the terms and conditions upon which the Bonds are to be authenticated, issued, and delivered, to secure the payment of all of the Bonds issued and Outstanding under the Indenture, to secure the performance and observance by the Issuer of all the covenants, agreements, and conditions contained in the Indenture, and in consideration of the premises, the acceptance by the Trustee of the trusts created by the Indenture, the purchase and acceptance of the Bonds by the owners thereof, the

Issuer transfers in trust, pledges, and assigns to the Trustee, and grants a security interest to the Trustee in, the following described property (said property referred to therein as the “**Trust Estate**”):

- (a) all right, title, and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof, but excluding its obligations thereunder) in, to, and under (i) the Loan Agreement, including all Revenues and other payments owing to the Issuer and paid by the Borrower under the Loan Agreement, except the Issuer’s rights to payment of its fees and expenses and to indemnification as set forth in the Loan Agreement, and as otherwise expressly set forth therein (as further defined therein and described in the Loan Agreement, the “*Reserved Rights*”), (ii) the Series 2015 Note, the Series 2017 Note and any Additional Notes, and (iii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds;
- (b) all moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee in the funds and accounts under the terms of the Indenture; and
- (c) any and all other property (real, personal, or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned, or transferred as and for additional security under the Indenture by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof.

The Trustee shall hold in trust and administer the Trust Estate upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit, and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided therein.

Payment and Ownership of Bonds. Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee or any Paying Agent. Subject to the provisions described in the immediately succeeding sentence and the Indenture, (a) the principal of and any premium on any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the designated corporate trust office of the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date to the Person in whose name the Bond is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein by check or draft which the Trustee shall cause to be mailed on the Interest Payment Date such interest is due. Notwithstanding the foregoing, interest on any Bond shall be paid by electronic transfer in immediately available funds to any Holder of the Bonds, if the Holder holds \$500,000 or more aggregate principal amount of Bonds and gives the Trustee at least five Business Days prior written request that all payments be made by electronic transfer specifying a bank located in the continental United States for credit to the ABA routing number and account name and number. If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of the Bond as of the applicable Regular Record Date. When moneys become available for payment of the interest, (x) the Trustee shall, pursuant to the Indenture, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (y) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds at the close of business on the Special Record Date. Notwithstanding anything in the foregoing to the contrary, when the Bonds are held in a Book-

Entry System, Bond Service Charges shall be payable in next day or federal funds delivered or transmitted to the Depository or its nominee.

Additional Bonds. At the request of the Borrower, the Issuer may issue Additional Bonds from time to time for any purpose permitted by the Act. Additional Bonds shall be issuable, unless a Supplemental Indenture shall have been executed and delivered pursuant to the Indenture, only in fully registered form. Additional Bonds issued with a fixed interest rate shall be issuable substantially as set forth in an exhibit to the Indenture.

Those Additional Bonds shall be on a parity with the Series 2011 Bonds and any Additional Bonds theretofore or thereafter issued and Outstanding as to the transfer in trust, pledge, and assignment to the Trustee, and the grant of a security interest to the Trustee in, the Trust Estate to provide for payment of Bond Service Charges on the Series 2011 Bonds; provided, that nothing in the Indenture shall prevent payment of Bond Service Charges on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2011 Bonds and any one or more series of Additional Bonds, or (ii) not being secured or protected from sources or by property or instruments applicable to the Series 2011 Bonds or one or more series of Additional Bonds.

Series 2015 Bonds. The Series 2015 Bonds were issued for the purpose of providing funds to make a loan to the Borrower to (a) finance, refinance and reimburse the project costs of the 2015 Project, and (b) to pay certain costs related to the issuance of the Series 2015 Bonds. The Series 2015 Bonds shall be paid as Available Bond Proceeds are drawn down to in accordance with Supplemental Indenture No. 1. The Series 2015 Bonds are dated October 1, 2015, shall become due on April 1, 2040, with an initial interest rate of 2.61%.

At least 120 days prior to each Reset Date, the Borrower, by delivery of written notice to the Purchaser and the Trustee, shall select either the 5-Year Reset Rate or the 10-Year Reset Rate for the next Interest Rate Period. Absent delivery of such a notice, the Series 2015 Bonds will bear interest at the 10-Year Reset Rate for the next Interest Rate Period. Each purchaser of the Series 2015 Bonds must execute and deliver an investment letter including representations and limitations on the transfer of the Series 2015 Bonds.

The Series 2015 Bonds shall be subject to redemption prior to maturity in accordance with the terms and provisions set forth in the Supplemental Indenture No. 1, including, mandatory sinking fund redemption, an optional redemption, an extraordinary optional redemption, an optional redemption upon determination of taxability, and a special mandatory redemption (put option).

Mutilated, Lost, Stolen, or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen, or destroyed, the Registrar shall, upon receipt of such evidence, information, and indemnity relating thereto as it or the Issuer may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and series, bearing a number or numbers not previously assigned, provided, however, that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Issuer, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the Issuer and the Trustee, evidence of the ownership thereof and of such loss, theft, or destruction satisfactory to the Issuer and the Trustee together, in each case, with a bond of indemnity satisfactory to it. The Issuer, the Registrar, and the Trustee may charge the Holder or owner of such Bond with any reasonable fees and expenses in connection with their actions as described in the Indenture.

General Limitation. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards)

solely out of the Revenues and other payments derived by the Issuer under the Loan Agreement (except for Reserved Rights) and are secured by a transfer, pledge, and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Loan Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The issuance of the Bonds shall not be construed to authorize the Issuer to create a debt of the State within the meaning of the constitution or statutes of the State. The State shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer. No breach by the Issuer of any such pledge, mortgage, obligation, or agreement may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or against its taxing power. The Issuer has no power to tax.

Purchase in Lieu of Redemption. In lieu of redeeming Bonds, the Trustee shall, at the written request of the Borrower, use such funds otherwise available under the Indenture for redemption of Bonds to purchase Bonds for cancellation, instead of redeeming the Bonds, at a price not exceeding the redemption price then applicable thereunder.

Creation of Funds. Pursuant to the Indenture, there are created and ordered to be established in the custody of the Trustee:

- (a) “Health and Educational Facilities Authority of the State of Missouri – Webster University - Project Fund” (the “Project Fund”) and within such fund, three separate and segregated trust accounts designated the “2001 Refunding Account,” the “2005 Refunding Account,” and the “Project Account.”
- (b) “Health and Educational Facilities Authority of the State of Missouri – Webster University - Costs of Issuance Fund” (the “Costs of Issuance Fund”).
- (c) “Health and Educational Facilities Authority of the State of Missouri – Webster University - Debt Service Fund” (the “Debt Service Fund”).
- (d) “Health and Educational Facilities Authority of the State of Missouri – Webster University - Rebate Fund” (the “Rebate Fund”).

The Trustee is authorized to establish separate accounts and subaccounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of the Indenture and the Loan Agreement, and, until used or applied as provided in the Indenture, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms, and provisions of the Indenture and shall not be commingled with any other funds of the Issuer or the Borrower except as provided under the Indenture for investment purposes.

Series 2017 Funds and Accounts. The following funds and accounts are established in the Supplemental Indenture No. 2:

- (a) A Series 2017 Costs of Issuance Account, within the Costs of Issuance Fund.
- (b) A Series 2017 Redemption Account, a Series 2017 Interest Account, and a Series 2017 Principal Account within the Debt Service Fund.
- (c) A Series 2017 Rebate Account within the Rebate Fund.

Series 2017 Costs of Issuance Account. Moneys in the 2017 Costs of Issuance Account shall be used solely for the purpose of paying 2017 Costs of Issuance as provided in the Supplemental Indenture No. 2. Moneys in the 2017 Costs of Issuance Account shall be disbursed, from time to time by the Trustee, as set forth in the Supplemental Indenture No. 2, to be paid upon receipt by the Trustee of invoices therefor, but without necessity of receipt by the Trustee of a requisition therefor. On the date (and if such date is not a Business Day, the next succeeding Business Day) that is six (6) months from the 2017 Closing Date, the Trustee shall transfer from the 2017 Costs of Issuance Account to the 2017 Principal Account of the Debt Service Fund any proceeds of the Series 2017 Bonds remaining on deposit therein.

2017 Debt Service Fund.

- (a) With respect to the Series 2017 Bonds, the Trustee shall make deposits and credits to the Debt Service Fund, as and when received, as follows: (1) all Loan Payments paid by the Borrower pursuant to Section 4.1 of Supplemental Loan Agreement No. 2 shall be deposited and credited to the Debt Service Fund; (2) moneys deposited in the Debt Service Fund as interest shall be credited against the obligation of the Borrower to pay interest on the Loan (as defined in the Supplemental Loan Agreement No. 2) as the same becomes due; and (3) all other moneys received by the Trustee under and pursuant to any of the provisions of this Supplemental Indenture No. 2 or the Supplemental Loan Agreement No. 2 for deposit into the 2017 Debt Service Fund.
- (b) Except as otherwise provided therein, moneys in the Debt Service Fund shall be held in trust and shall be applied in accordance with the provisions of the Supplemental Indenture No. 2 to pay the principal of and redemption premium, if any, and interest on the Series 2017 Bonds as the same become due and payable at maturity, upon redemption, by acceleration or otherwise.
- (c) The Trustee shall apply moneys received from the Borrower pursuant to Section 4.1 of the Supplemental Loan Agreement No. 2 and on deposit in the Debt Service Fund to the payment of the principal of and interest due on the Series 2017 Bonds on each payment date.
- (d) After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), all rebatable arbitrage to the United States and the fees, charges and expenses of the Trustee and the Issuer, and any other amounts required to be paid under the Indenture and the Loan Agreement, all amounts remaining in the Debt Service Fund shall be paid to the Borrower upon the expiration or sooner termination of the Loan Agreement.

Notwithstanding any provision contained in the Indenture or in the Loan Agreement to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources: (1) moneys deposited in the Debt Service Fund as principal shall be credited against the obligation of the Borrower to pay the principal of the Loan as the same becomes due

in the order of maturity thereof, except that prepayments for purposes of making an optional deposit into the Debt Service Fund for the redemption of Bonds shall be applied to the principal corresponding to the maturities of the Bonds to be redeemed or purchased, delivered and cancelled from the proceeds of such optional deposit; (2) the principal amount of any Bonds purchased by the Borrower and delivered to the Trustee, or purchased by the Trustee and cancelled in accordance with the Indenture, shall be credited against the obligation of the Borrower to pay principal on the Loan related to such Bonds so purchased; provided, however, that deposit of a Bond of one maturity may not be credited against a payment which would be used, in the normal course, to retire a Bond of another maturity; and (3) the investment income accruing to the Debt Service Fund and the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the Borrower to pay interest or principal, as the case may be, as the same become due.

2017 Rebate Account.

- (a) There shall be deposited in the 2017 Rebate Account such amounts as are required to be deposited therein pursuant to the 2017 Tax Compliance Agreement. All amounts on deposit at any time in the 2017 Rebate Account shall be held by the Trustee in trust, to the extent required to pay rebatable arbitrage to the United States of America, and none of the Borrower, the Issuer, or the Holder of any Series 2017 Bonds shall have any rights in or claim to such money. All amounts held in the 2017 Rebate Account shall be governed by this Section and by the 2017 Tax Compliance Agreement (which is incorporated therein by reference).
- (b) Pursuant to the 2017 Tax Compliance Agreement, the Trustee shall remit all rebate installments and a final rebate payment to the United States. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section and the 2017 Tax Compliance Agreement, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Borrower. Any moneys remaining in the 2017 Rebate Account of the Rebate Fund after redemption and payment of all of the Series 2017 Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Borrower.
- (c) Notwithstanding any other provision of the Indenture, including in particular Article XI, the obligation to pay rebatable arbitrage to the United States and to comply with all other requirements of the Supplemental Indenture No. 2 and the 2017 Tax Compliance Agreement shall survive the defeasance or payment in full of the Series 2017 Bonds.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Bondholder thereof for the payment of such Bond, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust, without liability for interest thereon, for the benefit of the Bondholder of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on or with respect to said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due, subject to applicable escheatment law) whether by maturity or otherwise, the Trustee shall pay to the Borrower, without liability for interest thereon, the funds theretofore held by the Trustee for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Borrower, and the Bondholder thereof shall be entitled to look only to the Borrower for payment, and then only to the extent of the amount so repaid, and

the Borrower shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall be invested and reinvested by the Trustee, pursuant to written directions of the Authorized Borrower Representative, in accordance with the provisions of the Indenture in Eligible Investments that mature or are subject to redemption by the Bondholder thereof prior to the date such funds are expected to be needed. In the absence of such direction, the Trustee shall hold such funds uninvested. The Trustee is authorized, in making or disposing of any investment permitted by the Indenture, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee may pool moneys for investment purposes. Any such Eligible Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Eligible Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Eligible Investments shall be charged to such fund or account. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Eligible Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments. The Issuer and the Borrower acknowledge that regulations of the Comptroller of the Currency grant the right to received brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Issuer and the Borrower specifically waive compliance with 12 C.F.R 12 and notify the Trustee that no brokerage confirmations need to be sent relating to the security transactions as they occur.

Default; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default pursuant to the Indenture:

- (a) Non-payment of any interest on any Bond when and as such interest becomes due and payable;
- (b) Non-payment of the principal of or any premium on any Bond when and as such principal or premium shall become due and payable, whether at stated maturity, by redemption, by acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement, or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 60 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding; or
- (d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “default” or “failure” as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements, or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, in either case, exclusive of any period of grace or notice required to constitute a default or failure an Event of Default, as described above or in the Loan Agreement.

Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Registrar (if not then the Trustee), any Paying Agent (if not then the Trustee), and any Authenticating Agent (if not then the Trustee), within five days after the Trustee has knowledge of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to the Indenture, the Trustee shall give written notice thereof, within thirty days after the Trustee's receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business fifteen days prior to the mailing of that notice; provided, that except in the case of a default in the payment of the principal of or any premium or interest on any Bond or in the payment of any mandatory sinking fund redemption requirement, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, a trust committee of directors, or the responsible officers of the Trustee in good faith determine that the withholding of notice to the Holders is in the interests of the Holders.

Acceleration. If an Event of Default occurs and is continuing, the Trustee may, and if requested by written notice from the Bondholders of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Issuer and the Borrower, immediately declare the principal of the Bonds Outstanding and the interest accrued thereon to the date of acceleration to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable, and interest thereon shall cease to accrue from the date of acceleration.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as described in the Indenture, the Bondholders of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer, the Borrower, and the Trustee, rescind and annul such declaration and its consequences if:

- (a) there is deposited with the Trustee a sum sufficient to pay:
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds; and
 - (iii) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Other Remedies; Rights of Holders. With or without taking action under the acceleration provisions of the Indenture, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement, or obligation under the Indenture, the Loan Agreement, or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 25 percent in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), shall exercise any rights and powers described in the Indenture and under the acceleration provisions of the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders now or hereafter existing. No delay in exercising or omission to exercise any remedy, right, or power accruing upon any default or Event of Default shall impair that remedy, right, or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient. No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right, or power consequent thereon.

As assignee of the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right, and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right, or power thereunder or under the Indenture, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondholders so affected.

Notwithstanding anything contained in the Indenture to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained. Anything in the Indenture to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings unless the Trustee is satisfied that the Trustee will not be subject to any liability under any Environmental Law or from any circumstances present relating to the presence, use, management, disposal or contamination by any Hazardous Materials.

Right of Holders to Direct Proceedings. Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that (i) any direction shall not be other than in accordance with the provisions of law and of the Indenture, (ii) the Trustee shall be indemnified as provided in the Indenture and (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Application of Moneys. After payment of the Trustee's fees and any costs, expenses, liabilities, and advances paid, incurred, or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the provisions of the Indenture or the provisions of the Loan Agreement (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all moneys received by the Trustee, shall be applied as follows, subject to other applicable provisions of the Indenture:

- (a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of those moneys shall be deposited in the Debt Service Fund and shall be applied:
 - (i) *First* - To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and
 - (ii) *Second* - To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.
- (b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable as described in the Indenture, all of those moneys shall be deposited into the Debt Service Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.
- (c) If the principal of all of the Bonds shall have been declared to be due and payable as described in the Indenture, and if that declaration thereafter shall have been rescinded and annulled under the provisions of the Indenture, subject to the provisions of other applicable provisions of the Indenture, in the event that the principal of all of the Bonds shall become due and payable later, the moneys shall be deposited in the Debt Service Fund and shall be applied in accordance with the provisions of the Indenture.
- (d) Whenever moneys are so applied, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys

available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made (and with respect to acceleration will be made in accordance with the Indenture), and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of and any premium on a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Rights and Remedies of Holders. A Holder shall not have any right to institute any suit, action, or proceeding for the enforcement of the Indenture, for the execution of any trust thereof, or for the exercise of any other remedy thereunder, unless:

- (a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture,
- (b) the Holders of at least 25 percent in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights, and powers granted in the Indenture or to institute the suit, action, or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture, and
- (c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights, and powers granted in the Indenture or to institute the suit, action, or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity, and offer of indemnity are conditions precedent in every case, to the institution of any suit, action, or proceeding described above. No one or more Holders of the Bonds shall have any right to affect, disturb, or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right, or power thereunder. Any suit, action, or proceedings shall be instituted, had and maintained in the manner provided therein for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right, or power under the Indenture in any suit, action, or proceedings, and the suit, action, or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the

Trustee, the Issuer, the Trustee, and the Holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, and powers of the Trustee shall continue as if no suit, action, or proceedings had been taken.

Waivers of Events of Default. Except as thereafter described, the Trustee may, at any time in its discretion, waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds. The Trustee shall do so upon the written request of the Holders of:

- (a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or
- (b) at least 25 percent in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in paragraph (a), (b), or (c) of the Indenture (see “Default; Events of Default” above), nor shall there be rescinded or annulled any declaration of acceleration in connection therewith, unless at the time of that waiver or rescission and annulment, payments of the amounts provided in the acceleration provisions of the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefore. In the case of any such waiver, rescission, or annulment, or in the case of the discontinuance, abandonment, or adverse determination to the Trustee of any suit, action, or proceedings taken by the Trustee on account of any Event of Default, the Issuer, the Trustee, and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver, rescission, or annulment shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee (but with the consent of the Borrower if required by the Indenture) may enter into Supplemental Indentures to the Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency, or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Indenture;
- (d) to accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) to add to the covenants, agreements, and obligations of the Issuer under the Indenture, other covenants, agreements, and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power, or authority reserved to or conferred upon the Issuer in the Indenture, including without limitation, the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relationship to one another for the protection of the Holders of a particular series of Bonds;

- (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements, and obligations of the Issuer under the Indenture, the Loan Agreement, and the Bonds;
- (g) to make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds in accordance with the Indenture;
- (h) to permit the exchange of Bonds, at the option of the Holder or Holders thereof, for coupon Bonds of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the previous Bond evidencing all or a portion of the same debt as that evidenced by such coupon Bonds, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the Opinion of Bond Counsel selected by the Borrower and acceptable to the Trustee and the Issuer, that exchange would not result in the interest on any of the Bonds Outstanding being included in the gross income of the Holders for federal income tax purposes;
- (i) to permit the use of a Book-Entry System to identify the owner of an interest in an obligation issued by the Issuer under the Indenture, whether that obligation was formerly, or could be, evidenced by a tangible security;
- (j) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar, and any Authenticating Agents or Paying Agents;
- (k) to achieve compliance of the Indenture with any applicable federal securities or tax law;
- (l) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel selected by the Borrower, those amendments would not cause the interest on the Bonds Outstanding to be included in gross income of the Holders for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations;
- (m) to permit any other amendment which, in the judgment of the Trustee, is not materially to the prejudice of the Trustee or, as evidenced by an Opinion of Counsel, the Holders;

The provisions of clause (k) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer, or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders. Exclusive of Supplemental Indentures described above and subject to the terms, provisions, and limitations described below, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing described in the Indenture shall permit, however, or be construed as permitting:

- (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (iii) a reduction in the

amount or extension of the time of payment of any mandatory sinking fund requirements, or (iv) a change in the optional redemption date of any Bonds, or

- (b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described above, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by the Indenture. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as described in the Indenture. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Issuer of not less than 60 days but not exceeding one year following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as described in the Indenture, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in the Indenture, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and the Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (i) the Issuer, (ii) the Holders of all of the Bonds then Outstanding, and (iii) if required by the Indenture, the Borrower.

Payment, Discharge, and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit, or security of the Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee moneys and noncallable Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Government Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (a) to the extent that the Bonds are defeased in whole or in part with Government Obligations, a verification report prepared by an independent firm of certified public accountants, or other verification agent, satisfactory to the Trustee, Bond Counsel, and the Issuer, to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture, (b) an Opinion of Bond Counsel addressed and delivered to the Trustee and the Issuer to the effect that so providing for the payment of any Bonds will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture, and (c) an Opinion of Counsel from nationally recognized bankruptcy counsel addressed to the Trustee and the Issuer to the effect that any deposit of cash or securities and any deposit of investment earnings thereon to effect such defeasance and subsequent payment to Holders of the Bonds shall not constitute a voidable preference in a case commenced under the United States Bankruptcy Code or any applicable state statute by or against the Issuer or the Borrower.

In any case, if any of the Bonds are rated, no Bonds shall be deemed to have been paid or discharged by reason of any deposit pursuant to clause (c) above unless each Rating Agency maintaining a rating on any Bonds not being redeemed or defeased shall have confirmed in writing to the Trustee that its rating will not be withdrawn or lowered as the result of any such deposit.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the Holders thereof shall thereafter be entitled to payment only out of the moneys and Government Obligations deposited with the Trustee as aforesaid.

Moneys and Government Obligations so deposited with the Trustee as described in the Indenture not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be applied by the Trustee to the payment to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights, and interests created by the Indenture shall cease, determine, and become null and void (except as to any surviving rights under the Indenture) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment; and
- (c) the Trustee receives an Opinion of Counsel addressed and delivered to the Trustee and the Issuer to the effect that all conditions precedent described in the Indenture to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary and shall pay, assign, transfer, and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities, and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Government Obligations held in trust by the Trustee as provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers, and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, and exchange of Bonds as provided in the Indenture. Nevertheless, any moneys held by the Trustee for the payment of the principal of, redemption premium, if any, purchase price, or interest on any Bond remaining unclaimed for one year after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Indenture, shall then be paid without liability for interest thereon to the Borrower, and the Bondholders of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Borrower for payment thereof and all liability of the Trustee or the Issuer with respect to such moneys shall thereupon cease.

Supplements and Amendments of Loan Agreement Not Requiring Consent of Holders. Without the consent of or notice to the Holders, the Issuer and the Trustee may consent to any supplement, amendment, change, or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement or the Indenture, (ii) in connection with the issuance of Additional Bonds, (iii) for the purpose of curing any ambiguity, inconsistency, formal defect, or omission in the Loan Agreement, (iv) in connection with an amendment or to effect any purpose for which there could be an amendment of the Indenture, or (v) in connection with any other change therein which is not materially to the prejudice of the Trustee, in the judgment of the Trustee, or as evidenced by an Opinion of Counsel delivered to the Trustee, the Holders of the Bonds.

Supplements and Amendment Requiring Consent of Holders. Except for the amendments, changes, or modifications described above, neither the Issuer nor the Trustee shall consent to (a) any supplement, amendment, change, or modification of the Loan Agreement which would change the

amount or time as of which Loan Payments are required to be paid, without the giving of notice as described in the Indenture of the proposed supplement, amendment, change, or modification, or (b) any other supplement, amendment, change, or modification of the Loan Agreement without the giving of notice as described in the Indenture of the proposed supplement, amendment, change, or modification and receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding. The consent of the Holders shall be obtained as provided in the Indenture with respect to Supplemental Indentures.

SUMMARY OF THE LOAN AGREEMENT

The following is a summary of the Loan Agreement. This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Loan Agreement, a copy of which is available from the Issuer.

Issuance of the Series 2017 Bonds; Application of Proceeds. Pursuant to the Indenture, the Issuer shall issue, sell, and deliver the Series 2017 Bonds to the Original Purchaser. The Series 2017 Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature, and will be subject to redemption and purchase as set forth therein. The Borrower approves the terms and conditions of the Indenture and the Series 2017 Bonds, and of the terms and conditions under which the Series 2017 Bonds will be issued, sold, and delivered. The Borrower agrees under the Loan Agreement, for the benefit of the Holders, to do and perform all acts and things contemplated in the Indenture to be done or performed by it.

Tax Covenants. The Borrower represents, warrants, and agrees that the Tax Compliance Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate, and complete in all material respects as of the date on which executed and delivered. The Borrower shall comply with the Tax Compliance Agreement and covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, and the Borrower will pay or provide for payment to the United States Government, all rebate payments required under Section 148(f) of the Internal Revenue Code and the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of the Bonds.

Loan of Funds to the Borrower. The Issuer shall make the Loan to the Borrower, using the proceeds of the sale of the Series 2017 Bonds, and the Borrower shall receive such Loan from the Issuer, for the purposes and upon the terms and conditions provided in the Loan Agreement and in the Indenture.

The Loan shall be evidenced by the Series 2017 Note, which shall be in substantially the form set forth in an exhibit to the Loan Agreement, shall be executed by the Borrower and made payable to the Issuer, and shall be endorsed and assigned by the Issuer, without recourse, to the Trustee.

Loan Payments on the Series 2015 Bonds. To provide for the payment of the principal of, redemption premium, if any, and interest on the Series 2015 Bonds, the Borrower covenants and agrees that it will make the following payments on the Series 2015 Note directly to the Trustee, for the account of the Issuer, for deposit in the applicable subaccount of the Debt Service Fund, on the following dates, and otherwise as set out below:

- (a) Debt Service Fund – Series 2015 Interest: On or before 1:30 p.m., New York, New York time, (1) on or before the ninth (9th) day of the calendar month preceding each Interest Payment Date or (2) on the day precedent any other date that any payment of interest is

required to be made with respect of the Series 2015 Bonds pursuant to the Supplemental Indenture No. 1, an amount which is, together with any other moneys available for such purpose in the Series 2015 Interest Account of the Debt Service Fund, not less than the interest due on the Series 2015 Bonds on such Interest Payment Date or other date that interest is due.

- (b) Debt Service Fund – Series 2015 Principal: On or before 1:30 p.m., New York, New York time, on or before the ninth (9th) day of the calendar month preceding each principal payment date on the Series 2015 Bonds (whether at maturity, upon mandatory sinking fund redemption, acceleration, or otherwise), an amount which, together with any other moneys available for such purpose in the Series 2015 Principal Account of the Debt Service Fund, is not less than the principal due on the Series 2015 Bonds on the next principal payment date by maturity, mandatory sinking fund redemption, acceleration, or otherwise.
- (c) Debt Service Fund – Series 2015 Redemption Account: On the date required by the Supplemental Loan Agreement No. 1 or the Supplemental Indenture No. 1, the amount of any Net Proceeds or other moneys required to redeem Series 2015 Bonds then Outstanding if Series 2015 Bonds are called for redemption under Section 302(b), (c), (d), or (e) of the Supplemental Indenture No. 1.

If the Borrower fails to make any of the payments required in the Supplemental Loan Agreement No. 1 or in the Series 2015 Note, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon from the date when such payment was due until paid in full, at the rate of interest then borne by the Series 2015 Bonds.

Loan Payments on the Series 2017 Bonds. To provide for the payment of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds, the Borrower covenants and agrees that it will make the following payments on the Series 2017 Note directly to the Trustee, for the account of the Issuer, for deposit in the applicable subaccount of the Debt Service Fund, on the following dates, and otherwise as set out below:

- (a) Debt Service Fund – Series 2017 Interest: On or before 1:30 p.m., New York, New York time, (1) on or before the ninth (9th) day of the calendar month preceding each Interest Payment Date or (2) on the day precedent any other date that any payment of interest is required to be made with respect of the Series 2017 Bonds pursuant to the Indenture, an amount which is, together with any other moneys available for such purpose in the Series 2017 Interest Account of the Debt Service Fund, not less than the interest due on the Series 2017 Bonds on such Interest Payment Date or other date that interest is due.
- (b) Debt Service Fund – Series 2017 Principal: On or before 1:30 p.m., New York, New York time, on or before the ninth (9th) day of the calendar month preceding each principal payment date on the Series 2017 Bonds (whether at maturity, upon mandatory sinking fund redemption, acceleration, or otherwise), an amount which, together with any other moneys available for such purpose in the Series 2017 Principal Account of the Debt Service Fund, is not less than the principal due on the Series 2017 Bonds on the next principal payment date by maturity, mandatory sinking fund redemption, acceleration, or otherwise.
- (c) Debt Service Fund – Series 2017 Redemption Account: On the date required by the Loan Agreement or the Indenture, the amount of any Net Proceeds or other moneys required to

redeem Series 2017 Bonds then Outstanding if Series 2017 Bonds are called for redemption under Article IV of the Supplemental Indenture No. 2.

If the Borrower fails to make any of the payments required in Supplemental Loan Agreement No. 2 or in the Series 2017 Note, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon from the date when such payment was due until paid in full, at the rate of interest then borne by the Series 2017 Bonds.

Credits on Loan Payments. Notwithstanding any provision contained in the Loan Agreement or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

- (a) moneys deposited in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of Bonds, any initial deposit made from the proceeds of the sale of the Bonds) shall be credited against the obligation of the Borrower to pay interest on the Loan as the same becomes due;
- (b) moneys deposited in the Debt Service Fund as principal shall be credited against the obligation of the Borrower to pay the principal of the Loan as the same becomes due in the order of maturity thereof, except that prepayments for purposes of making an optional deposit into the Debt Service Fund for the redemption of Bonds shall be applied to the principal corresponding to the maturities of the Bonds to be redeemed or purchased, delivered and cancelled from the proceeds of such optional deposit;
- (c) the principal amount of any Bonds purchased by the Borrower and delivered to the Trustee, or purchased by the Trustee and cancelled in accordance with the Indenture, shall be credited against the obligation of the Borrower to pay principal on the Loan related to such Bonds so purchased; provided, however, that deposit of a Bond of one maturity may not be credited against a payment which would be used, in the normal course, to retire a Bond of another maturity; and
- (d) the investment income accruing to the Debt Service Fund and the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the Borrower to pay interest or principal, as the case may be, as the same become due.

Additional Payments. The Borrower shall make the following payments to the following Persons, all of which shall constitute “Additional Payments” under the Loan Agreement:

- (a) *Taxes and Other Costs.* To the appropriate governmental authority all taxes and other costs pursuant to Section 5.4 of the Loan Agreement.
- (b) *Rebate Payments.* To the Trustee, all rebate payments required under Section 148(f) of the Code, to the extent such amounts are not available to the Trustee from the applicable Rebate Fund or other funds and accounts held under the Indenture.
- (c) *Trustee Fees and Professional Fees.* To the Trustee when due, all reasonable fees, expenses and charges of such trustees for services rendered under the Indenture and all reasonable fees, expenses and charges of any Paying Agent, registrars, counsel, accountants, engineers and other persons incurred in performance on request of such

trustees under the Indenture for which such trustees and other persons are entitled to payment or reimbursement.

- (d) *Issuer Fees.* To the Issuer, all fees, charges, costs and expenses, including agent, financial advisor and counsel fees, costs and expenses, and on-going fees and charges, of the Issuer.
- (e) *Insurance.* To the provider or providers of the insurance required pursuant to Section 5.8 of the Loan Agreement the premiums and other costs of insurance.
- (f) *Other Amounts Payable.* The Borrower shall pay to the Person or Persons entitled thereto, any other amounts which the Borrower has agreed to pay under the Loan Agreement or which the Borrower is required to pay under the Indenture.

Pledge of Unrestricted Gross Revenues. In order to secure the payment of the Series 2015 Bonds, the Series 2017 Bonds and the performance of the duties and obligations of the Borrower under the Loan Agreement, the Borrower hereby pledges and assigns to the Issuer and its successors and assigns and grants a first lien security interest in all Unrestricted Gross Revenues, subject only to Permitted Encumbrances.

The Borrower shall execute or cause to be executed and file or caused to be filed all financing statements in the forms and in the locations necessary to perfect such lien to the extent such lien may be perfected by the filing of financing statements under the Uniform Commercial Code in effect in all states in which the Borrower does business (the “UCC”).

Notwithstanding the security interest granted in the Unrestricted Gross Revenues under the Loan Agreement, it is understood and agreed that so long as the Borrower makes when due and payable all loan payments, all payments of principal of and interest on Additional Obligations and all additional payments required by the Loan Agreement, including without limitation the payments described in Section 4.2 and Section 4.4 of the Loan Agreement, the Borrower shall be entitled to utilize its Unrestricted Gross Revenues for its proper corporate purposes.

Assignment of Issuer’s Rights. Under the Indenture, the Issuer has pledged, assigned, transferred in trust, and granted a security interest to the Trustee in all of the Issuer’s rights, title, and interest under the Loan Agreement (except for the Reserved Rights) and the Notes as security for the Bonds, and such rights, title, and interest may be exercised, protected, and enforced for or on behalf of the owners of the Bonds in conformity with the Loan Agreement, the Notes, and the Indenture. The Trustee is given the right to enforce, as assignee of the Issuer, the performance of the obligations of the Borrower under the Loan Agreement, and the Borrower consents to the same and agrees that the Trustee may enforce such rights as provided in the Loan Agreement, the Notes, and the Indenture. The Issuer and the Borrower recognize that the Trustee is a third party creditor-beneficiary of the Loan Agreement and the assignee of the Notes.

Corporate Existence. Except as otherwise expressly provided in the Loan Agreement, the Borrower shall (1) preserve and keep in full force and effect its corporate or other separate legal existence, (2) remain qualified to do business and conduct its affairs in each jurisdiction where ownership of its Project or the conduct of its business or affairs requires such qualification, and (3) maintain its status as a Tax-Exempt Organization and as an “educational institution” under the Act.

Maintenance and Use of Property. The Borrower shall cause all of its Property used or useful in the conduct of its business and operations to be maintained, preserved and kept in good repair and working order and condition and in as safe condition as its operations will permit and will make all

repairs, renewals, replacements and improvements thereof necessary for the efficient and advantageous conduct of its business and operations, and shall, during the term of the Bonds, operate the Project financed and refinanced by the Series 2011 Bonds as “educational facilities” within the meaning of the Act. Nothing described in the Loan Agreement shall obligate the Borrower to preserve, repair, renew or replace any Property no longer used or no longer useful in the conduct of its business, or prevent the Borrower from discontinuing the operation of any of the Property or from removing or demolishing any building or buildings, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing board) such discontinuance is desirable in the conduct of its business and not disadvantageous in any material respect to the owners of the Bonds. The Borrower may make additions, alterations and changes to the Property so long as such additions, alterations and changes are made in compliance with the provisions of the Loan Agreement and will not result in a violation of the provisions of the Loan Agreement, and the Borrower may dispose of any Property as permitted by the Loan Agreement.

Liens and Encumbrances. The Borrower shall not create or incur or permit to be created or incurred or to exist any mortgage, lien, security interest, charge or encumbrance upon (a) the Unrestricted Gross Revenues in any manner (other than the pledge and assignment thereof under the Loan Agreement), or (b) any of the Property except Permitted Encumbrances, and shall promptly discharge or terminate all mortgages, liens, security interests, charges and encumbrances on the Property that are not Permitted Encumbrances; excluding, however, any such mortgage, lien, security interest, charge or encumbrance pledged with respect to Subordinated Indebtedness. The Borrower shall comply with all terms, covenants and provisions contained in any lien or security interest existing upon its Project or any part thereof or securing any of its Indebtedness unless the validity, amount or collectability thereof is being contested in good faith or the failure to comply or contest would not materially impair its ability to pay its Indebtedness when due nor subject a material amount of the Property of the Borrower to loss or forfeiture.

Insurance. The Borrower shall maintain or cause to be maintained insurance, which may include one or more self-insurance programs, with respect to its Property and operations covering such risks that are of an insurable nature and of the character customarily insured against by organizations operating similar properties and engaged in similar operations (including but not limited to property and casualty, general liability, professional liability, business interruption, worker’s compensation, and employee dishonesty) and in such amounts as, in its judgment, are adequate to protect the Borrower and its Property and operations. All such insurance shall be maintained with responsible insurance carriers. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 10 days after written notice of cancellation to the Borrower and each other insured named therein.

All such policies shall be carried in the name of the Borrower, and, if applicable, in the names of the Issuer and the Trustee as their respective interests may appear. All such policies for property and casualty insurance shall contain standard clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder related to the Project or the Property which are \$500,000 or less for loss or damage covered thereby to be made payable directly to the Borrower and Net Proceeds from such claims for casualty losses related to the Project or the Property in excess of \$500,000 to be made payable directly to the Trustee. The Net Proceeds of property and casualty insurance relating to the Project or the Property shall be applied as provided in the Loan Agreement. Use and occupancy (or business interruption) insurance, covering interruption of the Borrower’s operations in whole or in part by reason of the total or partial suspension of, or interruption in, the operation of its Property caused by the damage to or destruction of any part of its Property, with such exceptions as are customarily imposed by insurers, shall be in an amount sufficient to comply with the requirements of a standard 50% gross earnings business interruption form. The Net Proceeds of such insurance shall be applied to the extent necessary to

make Loan Payments and Additional Payments as the same become due during the period of interruption of the Borrower's operations, as estimated by an Insurance Consultant.

As soon as practicable after the execution of the Indenture, and within 90 days after the close of each Fiscal Year thereafter, and at any time upon the request of the Trustee, the Borrower will file with the Trustee an Officer's Certificate containing a detailed list of the insurance, or self insurance, in force upon its Property and operations on a date therein specified (which date shall be within 30 days of the filing of such Certificate), including the names of the insurers with which the policies and other contracts of insurance are carried, the numbers, amounts and expiration dates of such policies and other contracts and the property and hazards covered thereby, and stating that the insurance so listed complies with the provisions so described. To the extent the insurance so described is provided through commercial insurance policies, the Borrower will deposit annually with the Trustee a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. In lieu of separate policies, the Borrower may maintain a single policy, blanket or umbrella policies, or a combination thereof, in which event the Borrower shall deposit with the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Property of the Borrower.

In addition, the Borrower shall cause a review to be conducted at least once every two Fiscal Years with respect to such insurance (commencing with the second Fiscal Year beginning after the execution of the Indenture) by an Insurance Consultant and shall cause a report of such Insurance Consultant to be delivered to the Trustee, within 90 days after the close of each second Fiscal Year, which indicates whether the insurance then being maintained by the Borrower is customary and adequate, and containing such Insurance Consultant's recommendations, if any, for changes in such insurance or self-insurance. The Borrower agrees that it will follow any recommendations of the Insurance Consultant, except to the extent that its governing board determines that such recommendations are not feasible, the reasons for such determination to be set forth in an Officer's Certificate delivered to the Trustee.

In lieu of maintaining the insurance coverage stated above, the Borrower shall have the right to adopt alternative risk management programs which the governing board of the Borrower determines to be reasonable and in the best interests of the Borrower, including, without limitation, to self-insure in whole or in part, individually or in connection with other institutions or organizations, to participate in programs of captive insurance companies and to create and operate such captive insurance companies, to participate with other educational institutions in mutual or other cooperative insurance or other risk management programs, or to establish or participate in other alternative risk management programs.

To the extent any insurance required by the Loan Agreement is provided by a self-insurance program, the Borrower agrees (1) to deliver to the Trustee prior to the time such self-insurance program is implemented and annually thereafter a written evaluation with respect to such self-insurance program by an Insurance Consultant stating that such self-insurance program is actuarially sound and prudent under the circumstances and which evaluation shall contain or be accompanied by a recommendation of an independent actuary as to what funding levels will be adequate to protect the Borrower against the above claims, (2) to maintain with an independent corporate trustee such reserves as are recommended from time to time by such an independent actuary, which reserves may be invested at the direction of the Borrower and the income derived therefrom or thereon may be applied as directed by the Borrower, (3) to provide or cause to be provided to the Trustee annually an Officer's Certificate evidencing compliance with the provisions of the foregoing clause, (2) during the preceding year and with an annual financial statement regarding such trust, and (4) to maintain a risk management and claims management program pursuant to such self-insurance program.

Damage, Destruction, Condemnation. In the event of damage to or destruction of any part of the Project or the Property resulting from fire or other casualty, or in the event any part of the Project or the Property is condemned or taken for any public or quasi-public use or title thereto is found to be

deficient, the Net Proceeds of any insurance relating to such damage or destruction, the Net Proceeds of such condemnation or taking or the Net Proceeds of any realization on title insurance relating to the Project or the Property, if such Net Proceeds do not exceed \$500,000, shall be paid directly to the Borrower, and the Borrower agrees that, to the extent permitted by law, it will forthwith replace, repair, reconstruct or restore such Property to substantially the same or an improved condition or utility value as existed prior to the event affecting such Property and will to the extent necessary apply such Net Proceeds received by the Borrower to the payment or reimbursement of the costs of such replacement, repair, reconstruction or restoration. Any remaining balance not required for said purpose shall be paid to the Trustee for deposit in the Debt Service Fund to be used to pay the next successive principal payments on the Bonds as they become due or to redeem Bonds on the earliest permissible date.

In the event such Net Proceeds exceed \$500,000, the Borrower agrees to promptly notify the Issuer and the Trustee of such event, and such Net Proceeds shall be paid directly to the Trustee and the Borrower shall, within 90 days after such Net Proceeds are deposited with the Trustee, elect one of the following two options:

Option A - Replacement, Repair, Reconstruction, or Restoration. The Borrower may elect to use all or part of such Net Proceeds to replace, repair, reconstruct or restore the affected Property. In such event the Borrower shall proceed forthwith to replace, repair, reconstruct or restore the affected Property to substantially the same condition or utility value as existed prior to the event affecting such Property and will apply the Net Proceeds received by the Borrower from the Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction or restoration. So long as the Borrower is not in default under the Loan Agreement or the Notes, any such Net Proceeds received by the Trustee shall be deposited in a separate account to be established in the Project Fund and so long as the Borrower is not in default under the Loan Agreement or the Notes, the Borrower shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of written requests of the Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction or restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction or restoration. In the event the Borrower shall elect Option A, the Borrower shall complete the replacement, repair, reconstruction or restoration of such Property, whether or not such Net Proceeds received by the Borrower for such purposes are sufficient to pay for the same. Upon completion of such replacement, repair, reconstruction or restoration any excess moneys from the Net Proceeds of such insurance over and above the costs of such replacement, repair, reconstruction or restoration shall be deposited by the Trustee in the Debt Service Fund to be used to pay the next successive principal payments on the Bonds as they become due or to redeem Bonds on the earliest permissible date. If the Borrower elects to use only part of such Net Proceeds for replacements, repairs, reconstruction or restoration of such Property, then the remaining part of such Net Proceeds shall be applied to the prepayment of the Notes and in such event the Borrower shall, in its notice of election to the Trustee, direct the Trustee to deposit such moneys when and if received in the Debt Service Fund to be used to pay the next successive principal payments on the Bonds as they become due or to redeem Bonds on the earliest permissible date.

Option B - Prepayment of Notes. The Borrower may elect to and, if the Borrower is in default under the Notes the Borrower shall, have all or part of such Net Proceeds applied to the prepayment of the Notes; provided that the Borrower delivers to the Trustee an Officer's Certificate stating that the property damaged or destroyed or the property condemned or the property interest lost because of a title defect, as the case may be, was not essential to the use of the Borrower's Property as a complete and operational facility. In such event the Borrower shall, in its notice of election to the Trustee, direct the Trustee to deposit such Net Proceeds or a specified portion thereof, when and as received, in the Debt Service Fund to be used to pay the next successive principal payments on the Bonds as they become due or to redeem Bonds on the earliest permissible date. If only part of such Net Proceeds is applied to the prepayment of

the Bonds, then the remaining part of such Net Proceeds shall be applied as provided under Option A above.

Financial Covenants. As of the end of each Fiscal Year, so long as the Series 2015 Bonds remain Outstanding, the Borrower shall maintain (a) a Liquidity Ratio of not less than 75%; and (b) a Maximum Annual Debt Service Ratio of not more than 10%.

If the Liquidity Ratio, as calculated at the end of any Fiscal Year and stated in the accountant's certificate delivered pursuant to the Loan Agreement, is less than 75%, the Borrower covenants and agrees that within 120 days of such determination it will deliver a Consultant's Report to the Trustee setting forth recommendations for increasing the Liquidity Ratio for subsequent Fiscal Years to at least 75%; provided, however, that in the event that such Consultant's Report shall state that federal, state, or other applicable governmental laws or regulations (or interpretations thereof) or general industry standards or conditions placing restrictions and limitations on the rates, fees, and charges to be fixed, charged and collected by the Borrower then in existence do not permit or by their application make it impracticable for the Borrower to produce the required Coverage Ratio of 75%, then the Liquidity Ratio shall be reduced to the highest practicable ratio permitted, as set forth in such Consultant's Report, by such laws and regulations then in effect, but in no event less than 50%. The Borrower agrees that it will, to the extent feasible, follow the recommendations of the Consultant's Report. So long as the Borrower shall follow the recommendations of such Consultant's Report to the extent feasible, and so long as the Liquidity Ratio for each Fiscal Year is in no event less than 50%, the Loan Agreement shall be deemed to have been complied with for such Fiscal Year even if the Liquidity Ratio is below 75%. Upon redemption or defeasance of the Series 2015 Bonds in full, these financial covenants will no longer be applicable and the Borrower shall not be under any obligation to satisfy such covenants.

Financial Statements and Other Information. The Borrower shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Borrower in accordance with generally accepted accounting principles. The Borrower shall furnish to the Issuer, the Trustee, and the Original Purchaser, the following:

- (a) *Annual Financial Statement.* As soon as practicable after they are available but in no event more than 150 days after the last day of each Fiscal Year, the audit report and audited financial statements of the Borrower for such Fiscal Year certified by the Borrower's independent certified public accountants, covering the operations of the Borrower for such Fiscal Year and containing consolidated statements of financial position as of the end of such Fiscal Year and consolidated statements of activities and consolidated statements of cash flows for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year.

The Trustee shall have no duty to review, verify or analyze financial statements provided to it under the Loan Agreement and shall hold such financial statements solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner.

- (b) *Compliance Certificate.* At the time of delivery of the audit report referred to in subsection (a) above, (1) a separate written certificate of the accountants preparing such report stating that such accountants have, during the course of the audit, obtained no knowledge of any default by the Borrower in the fulfillment of any of the covenants, provisions or conditions of the Loan Agreement, or if such accountants shall have obtained knowledge of any such default or defaults, they shall disclose in such statement

the default or defaults and the nature thereof (but such accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default), and (2) for so long as the Series 2015 Bonds remain Outstanding, an Officer's Certificate setting forth the Liquidity Ratio and Maximum Annual Debt Service Ratio for the preceding Fiscal Year calculated on the basis of the unaudited financial statements for the preceding Fiscal Year, stating that a review of the activities of the Borrower during such Fiscal Year and of performance under the Loan Agreement has been made, and to the best of the Borrower's knowledge, based on such review, the Borrower has fulfilled all its obligations under the Loan Agreement throughout such Fiscal Year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof.

The Borrower shall at any and all reasonable times, upon the written request of the Issuer, the Trustee or the Original Purchasers and at the expense of the Borrower, permit the Issuer, the Trustee or the Original Purchasers by their representatives to enter and inspect the properties, books of account, records, reports and other papers of the Borrower, except donor records, student records, personnel records, and any other confidential records, and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Borrower shall furnish to the Issuer, the Trustee or the Original Purchasers any and all information as the Issuer, the Trustee or the Original Purchasers may reasonably request, and at the expense of the requesting party information concerning the Borrower, including such statistical and other operating information requested on a periodic basis, in order to enable the requesting party to make any reports required by law, governmental regulations or the Indenture in connection with any series of Bonds and to determine whether the covenants, terms and provisions of the Loan Agreement have been complied with by the Borrower.

Sale, Lease or Other Disposition of Property. The Borrower shall not in any Fiscal Year, sell, lease or otherwise transfer or dispose of its Real Property in an amount which aggregates in excess of 10% of the total value of the Real Property of the Borrower (calculated on the basis of the Book Value or, if the Borrower so elects, on the basis of Current Value), except for transfers of Real Property as follows:

- (a) The Borrower may transfer Real Property to any Person in the ordinary course of business;
- (b) The Borrower may transfer Real Property to any Person for fair and adequate consideration on terms no less favorable to the Borrower than would be obtained in a comparable arm's-length transaction;
- (c) The Borrower may transfer Real Property to any Person, if in the reasonable judgment of the Borrower, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete or worn out, or otherwise unsuitable, unprofitable, undesirable or unnecessary for the operation of the Borrower's primary business;
- (d) The Borrower may transfer Real Property to any Person, if such Real Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on Long-Term Indebtedness of the Borrower;
- (e) The Borrower may transfer Real Property to any Person if the Real Property to be transferred is not essential to the Borrower's primary business operation, and the proceeds of such transfer are used to acquire additional facilities, to repay the principal of

Long-Term Indebtedness of the Borrower, or otherwise used in a productive manner to the benefit of the Borrower's operations;

- (f) The Borrower may transfer Real Property as part of a consolidation, merger, conveyance or transfer permitted by the Loan Agreement.

The provisions described above need not be met if the transfer is otherwise permitted by the Loan Agreement.

Consolidation, Merger, Conveyance, or Transfer of Property. The Borrower shall not consolidate with or merge into any other Person or convey or transfer its Property substantially as an entirety to any Person, unless the following conditions are met:

- (a) such merger, consolidation, conveyance or transfer is on such terms as shall fully preserve the lien and security of the Indenture and the Loan Agreement and the rights and powers of the Trustee and the owners of the Bonds under the Indenture and the Loan Agreement;
- (b) the Person formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance or transfer the Borrower's Property substantially as an entirety is a corporation or other legal entity organized and existing under the laws of the United States of America or any state thereof, is an "educational institution" within the meaning of the Act authorized to conduct business in the State of Missouri, is a Tax-Exempt Organization, and shall execute and deliver to the Trustee a written instrument in form satisfactory to the Trustee, containing an assumption by such successor of the due and punctual payment of the principal of (and premium, if any) and interest on the Loan and the performance and observance of every covenant and condition of the Loan Agreement to be performed or observed by the Borrower;
- (c) the Trustee receives an Officer's Certificate stating that, immediately after giving effect to such transaction, (1) no Event of Default under the Loan Agreement shall have occurred and be continuing, and (2) the successor or transferee shall possess such permits, licenses and accreditations to operate such Property as may be required if it is to operate such Property;
- (d) the Trustee and the Issuer receive an Opinion of Counsel to the effect that (1) such consolidation, merger, conveyance or transfer complies with the requirements described in this Section and all conditions precedent provided in the Loan Agreement for relating to such transaction have been complied with; (2) such transaction will not adversely affect the status of the successor or transferee as a Tax-Exempt Organization; (3) the successor or transferee is liable on the Loan, as if such Loan were originally made to such Person; and
- (e) the Trustee and the Issuer receive an Opinion of Bond Counsel to the effect that under then existing law the consummation of such consolidation, merger, conveyance, or transfer would not adversely affect the exclusion of the interest payable on such Bonds from gross income under the Code.

Upon any consolidation or merger or any conveyance or transfer of the Borrower's Property substantially as an entirety in accordance with the Loan Agreement, the successor corporation or other entity formed by such consolidation or into which the Borrower is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the

Borrower under the Loan Agreement with the same effect as if such successor corporation or other entity had been named as the Borrower in the Loan Agreement.

Tax Covenants. The Borrower covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Bonds, and the Borrower shall comply with the Tax Compliance Agreement and will pay or provide for payment to the United States Government or the Trustee, all rebate payments required under Section 148(f) of the Internal Revenue Code and the 2017 Tax Compliance Agreement and the costs of computing the same, to the extent such amounts are not available to the Trustee in the Rebate Fund held under the Indenture. Such covenant shall survive payment in full or defeasance of the Series 2017 Bonds.

Additional Bonds; Additional Notes. The Issuer from time to time may, in its sole discretion, at the written request of the Borrower, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Issuer and the Borrower; (2) the Issuer and the Borrower shall have entered into a Supplemental Loan Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Loan Agreement; and (3) the Issuer and the Borrower shall have otherwise complied with the provisions of the Loan Agreement and the Indenture with respect to the issuance of such Additional Bonds.

Simultaneously with the issuance of any Additional Bonds under the Indenture, the Borrower will issue and deliver to the Issuer (but only to the Issuer) one or more Additional Notes pursuant to the Loan Agreement, in order to evidence the loan from the Issuer to the Borrower of the proceeds of any such Additional Bonds. The principal amount of any Additional Notes shall be equal to the principal amount of the corresponding series of Additional Bonds being issued concurrently with such Additional Notes. The Borrower agrees that the net proceeds from the loan evidenced by such Additional Notes shall be deposited with the Trustee as provided in the Indenture and in the Supplemental Indenture executed in connection with the issuance of such Additional Bonds. Any such Additional Notes may bear interest at any rate lawful at the time of issuance thereof and may mature over any period of time not exceeding the maximum maturity permitted by law, and as may be agreed upon by the Borrower and the Issuer. Any Additional Notes shall (1) be given a designation by year or alphabetical letter differentiating such Additional Notes from other Notes then Outstanding, (2) be substantially in the form of Note attached as an exhibit to the Loan Agreement (with appropriate variations or insertions), and (3) be pledged and assigned and endorsed without recourse by the Issuer to the Trustee as security for a corresponding series of Additional Bonds concurrently issued under the Indenture for the purpose of obtaining funds to make the loan to the Borrower evidenced by such Additional Notes. Upon the issuance of any Additional Notes and sale thereof, the same shall together with any other Notes then outstanding, be equally and ratably secured under the Loan Agreement.

Additional Obligations. The Borrower may issue or incur Additional Obligations for any proper corporate purpose if prior to the issuance and delivery of any Additional Obligations the following documents and showings are executed and delivered to the Trustee:

- (a) A loan agreement or other debt instrument, executed by the Borrower and the lender, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment, if any, and form of any Additional Obligations.

- (b) An Officer's Certificate (1) stating that no event of default under the Loan Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Obligations are being issued and the classification of the Indebtedness under the Loan Agreement and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Loan Agreement.
- (c) Such other certificates, title insurance policies, endorsements or reports, financing statements, financial statements and opinions as the Trustee may, but is not required to, reasonably request.

The owners of such Additional Obligations shall not have a security interest in or other rights to, or be entitled to share on a parity with, the owners of the Bonds in the Debt Service Fund. Such Additional Obligations may be further secured in any manner not inconsistent with the provisions and intent of the Indenture or the Loan Agreement.

In the event that the Borrower shall propose to secure any such Additional Obligation by a pledge, lien, mortgage or other security interest as described above, the Issuer, the Trustee and the Borrower shall take, or shall cause to be taken, such actions (including entering into a Supplemental Loan Agreement or Supplemental Indenture) and execute, deliver, file and record such instruments of security as their respective counsel agree to be necessary or appropriate to grant to and/or otherwise secure for the owner or owners of the Additional Obligation a mortgage lien and security interest in the Property, if applicable, equivalent to that of the Trustee, and the Borrower shall as a condition of securing such Additional Obligation execute, deliver, file and record, and cause to be executed, delivered, filed and recorded by such owner or owners, such documents as counsel for the Trustee and the Borrower agree to be necessary or appropriate to grant to and/or otherwise secure for the Trustee a pledge of and a security interest in any security granted to the owner or owners of the Additional Obligation and not theretofore granted to the Trustee equivalent to the interest granted to such owner or owners of such Additional Obligation, to the end that all such outstanding secured Additional Obligations and Notes and all outstanding Bonds shall be of equal rank and be entitled to share *pari passu* in such security.

Any default under any instrument or agreement providing for repayment of any Additional Obligation secured on a parity with the Notes as provided in above shall be a default under the Loan Agreement and there shall be included in any instrument or agreement providing for repayment of such Additional Obligation a provision that any default under the Loan Agreement shall be a default under such instrument or agreement. Any action which cures a default under any such instrument or agreement shall also cure such default under the Loan Agreement. Unless otherwise agreed to by the Trustee, the Trustee shall act as trustee under any instrument securing any such Additional Obligation. Any instrument or agreement providing for repayment of such Additional Obligation shall include a provision that, prior to exercising any remedies upon a default by the Borrower under such instrument or agreement, the Trustee (or the owners thereof, if the Trustee otherwise consents) shall consider the interests of the owners of the Additional Obligations and the Bonds and shall proceed such that the interests of such owner or owners of the Additional Obligations and the bondholders shall be equally protected.

Permitted Indebtedness. The Borrower shall not incur any additional Indebtedness other than certain Indebtedness set forth below.

- (a) *Long-Term Indebtedness.* The Borrower may incur Long-Term Indebtedness provided that:

- (i) There shall be delivered to the Trustee an Officer's Certificate setting forth the intended uses of the proceeds of such Long-Term Indebtedness and, if such intended uses include the acquisition, construction, or installation of land, facilities, equipment, or other capital improvements, the estimated cost thereof; and
 - (ii) There is delivered to the Trustee, an Officer's Certificate that the Maximum Annual Debt Service Ratio will not be more than 10% after giving effect to the incurrence of such additional Long-Term Indebtedness and the application of the proceeds thereof.
 - (iii) There shall be delivered to the Trustee an Officer's Certificate that the Borrower currently has a Liquidity Ratio of not less than 75%, calculated as provided in in the Loan Agreement.
- (b) *Completion Indebtedness.* The Borrower may incur Completion Indebtedness in a principal amount not in excess of 10% of the principal amount of the original Long-Term Indebtedness incurred for such facilities, if prior to the incurrence thereof there is delivered to the Trustee an Officer's Certificate stating: (1) that at the time the original Long-Term Indebtedness for the facilities to be completed was incurred, the Borrower had reason to believe that the proceeds of such Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such facilities; (2) the amount estimated to be needed to so complete the facilities; and (3) that the proceeds of such Completion Indebtedness to be applied to the completion of the facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay such costs, the amount of moneys, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated bank loans (including letters or lines of credit) and any other moneys reasonably expected to be available, will be in an amount not less than the estimated amount needed to complete the facilities set forth in such Officer's Certificate.
- (c) *Guaranties.* The Borrower may execute a Guaranty, if the conditions for the incurrence of Indebtedness set forth in the Loan Agreement are satisfied where it is assumed that the obligation guaranteed by the Borrower is Indebtedness of the Borrower, and any calculation required by the applicable subsection of the Loan Agreement is made in accordance with the requirements and assumptions contained in Loan Agreement.
- (d) *Non-Recourse Indebtedness.* The Borrower may incur Non-Recourse Indebtedness; provided, however, that the incurrence of such Indebtedness must conform to any applicable requirements of any other subsections of the Loan Agreement. Debt Service Requirements on Purchase Money Indebtedness shall be calculated in accordance with the Loan Agreement.
- (e) *Purchase Money Indebtedness.* The Borrower may incur Purchase Money Indebtedness if, immediately after entering into such Purchase Money Indebtedness, the aggregate principal amount due on all Purchase Money Indebtedness then Outstanding will not be greater than 15% of the Unrestricted Net Assets of the Borrower as shown on the audited financial statements of the Borrower for the most recent Fiscal Year for which audited financial statements are available; provided, however, that the incurrence of such Indebtedness must conform to any applicable requirements of any other subsections of this the Loan Agreement. Debt Service Requirements on Purchase Money Indebtedness shall be calculated in accordance with the Loan Agreement.

- (f) *Refunding Indebtedness.* The Borrower may incur Refunding Indebtedness for the purpose of refunding (whether in advance of maturity or otherwise) any Outstanding Long-Term Indebtedness, if the Borrower's governing body determines in its sole discretion that such refunding is in the best interest of the Borrower and that, taking into account the issuance of the proposed Refunding Indebtedness and the application of the proceeds thereof and any other funds available to be applied to such refunding, the Maximum Annual Debt Service of the Borrower will not be increased by more than 10%.
- (g) *Short-Term Indebtedness.* The Borrower may incur Short-Term Indebtedness if, immediately after the incurrence of such Short-Term Indebtedness, the total principal amount of Outstanding Short-Term Indebtedness of the Borrower incurred under this subsection does not exceed 25% of the Unrestricted Net Assets of the Borrower as shown on the audited financial statements of the Borrower for the most recent Fiscal Year for which audited financial statements are available; provided, however, that for a period of at least 30 consecutive calendar days in each Fiscal Year the total amount of such Short-Term Indebtedness of the Borrower Outstanding under this subsection shall be not more than 5% of the Unrestricted Net Assets of the Borrower for the preceding Fiscal Year; provided, however, that the incurrence of such Indebtedness must conform to any applicable requirements of any other subsections of the Loan Agreement. Debt Service Requirements on Purchase Money Indebtedness shall be calculated in accordance with the Loan Agreement.
- (h) *Subordinated Indebtedness.* The Borrower may incur Subordinated Indebtedness without limit as to principal amount, provided such Indebtedness is evidenced by an instrument containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instrument evidencing such Indebtedness) to the Bonds and any Additional Obligations with respect to payment out of the Trust Estate, so that if at any time the Borrower shall be in default in paying either interest on or principal of the Bonds and Additional Obligations or if the Borrower shall be in default in making any payments required to be made under the provisions of the Loan Agreement, the Borrower shall make no payments of either principal of or interest on said Subordinated Indebtedness until said default or defaults be cured.
- (i) *Swap Agreements.* The Borrower may enter into an interest exchange agreement, interest rate swap agreement, current swap agreement, futures agreement or other contract or agreement providing for certain payments by the Borrower and a bank or an investment banking firm (or any subsidiary of such bank or investment banking firm) with capitalization of not less than \$100,000,000, which payments are calculated by reference to fixed or variable rates and constituting a financial accommodation between the Borrower and such counterparty if the Borrower's governing body determines in its sole discretion that such exchange agreement: (i) will assist the Borrower in more effectively managing its interest costs or cash flow, and (ii) will not result in a downward revision or withdrawal of any rating on the Bonds by a nationally recognized rating service.
- (j) *Put Indebtedness.* The Borrower may incur Put Indebtedness without limit as to principal amount; provided, however, that the incurrence of such Indebtedness must conform to any applicable requirements of any other subsections of the Loan Agreement. Debt Service Requirements on Put Indebtedness shall be calculated in accordance with the Loan Agreement.

Indebtedness may be classified and incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsections are met and the classification determined by

Borrower's independent accountant shall be conclusive. The Borrower may elect to have Indebtedness that was classified and issued pursuant to one the above provisions, reclassified as having been incurred under another provision of the Loan Agreement, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Events of Default. Each of the following shall be an Event of Default:

- (a) Non-payment of any Loan Payment or Additional Payment when and as such becomes due and payable; or
- (b) Except as set forth in clause (a) above, the Borrower shall fail to observe and perform any agreement, term, or condition contained in the Loan Agreement, and the continuation of such failure for a period of thirty days after notice thereof shall have been given to the Borrower by the Issuer or the Trustee, or for such longer period as the Issuer may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion; or
- (c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it, under the federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization, or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property; or
- (d) Any representation or warranty made by the Borrower in the Loan Agreement or in any written statement or certificate furnished to the Issuer or the Original Purchaser or the purchaser of any Bond in connection with the sale of any Bond or furnished by the Borrower pursuant to the Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 60 days after there has been given to the Borrower by the Issuer or the Original Purchaser or to the Borrower by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Borrower shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch, such cure to be effected within 180 days from the date of the default notice; or
- (e) Any judgment which is final, writ or warrant of attachment, or of any similar process shall be entered or filed against the Borrower or against any Property of the Borrower and remains unvacated, unpaid, unbonded, unstayed, or uncontested in good faith for a period of 60 days; provided, however, that none of the foregoing shall constitute an event of default unless the amount of such judgment, writ, warrant of attachment or similar

process, together with the amount of all other such judgments, writs, warrants or similar processes so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds 5% of the Unrestricted Net Assets of the Borrower as shown on or derived from the most recent audited financial statements of the Borrower; or

- (f) default in the payment of the principal of, premium, if any, or interest on any Indebtedness other than a Note when the same becomes due and payable, and any applicable grace period shall have expired, or an event of default as defined in any mortgage, indenture, or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness; provided, however, that such default shall not constitute an event of default if payment of such Indebtedness has not been accelerated under the terms of payment of such Indebtedness or if within 60 days, or within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness, the Borrower in good faith commences proceedings to contest the obligation to pay or the existence or payment of such Indebtedness; and provided, further however, a default in payment thereunder shall not constitute an event of default unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds 5% of the Unrestricted Net Assets of the Borrower as shown on or derived from the most recent audited financial statements of the Borrower; or
- (g) An Event of Default under the Indenture.

The declaration of an Event of Default under clause (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation, or reorganization proceedings.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term, or condition of the Loan Agreement which would give rise to an Event of Default under clause (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of such event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

Remedies on Default. Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

- (a) If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all Loan Payments to be immediately due and payable, whereupon the same shall become immediately due and payable;
- (b) The Issuer or the Trustee may have access to, inspect, examine, and make copies of the books, records, accounts, and financial data of the Borrower pertaining to the Project; or
- (c) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement and to enforce the performance and observance of any other obligation or agreement of the Borrower under that instrument.

Notwithstanding the foregoing, the Issuer shall not be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer at no cost or expense to the Issuer. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken as described under above shall be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture or, if the outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Debt Service Fund.

The provisions so described are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) above and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Use of Proceeds; Completion of 2015 Project. The proceeds of the Series 2015 Bonds loaned to the Borrower shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Supplemental Indenture No. 1 and in the Supplemental Loan Agreement No. 1.

The Borrower shall cause the 2015 Project to be diligently and continuously pursued and to be completed with reasonable dispatch, and to provide (from its own funds if required) all moneys necessary to complete the 2015 Project.

The Borrower agrees to comply with all of the provisions set forth in the Supplemental Indenture No. 1 with respect to the construction of the 2015 Project and to perform all obligations of the Borrower set out in the Supplemental Indenture No. 1.

Maximum Annual Debt Service Ratio and Liquidity Ratio Coverage. For so long as the Series 2015 Bonds remain Outstanding, the Borrower covenants and agrees that it will not take any action or permit any action to be taken to change the Maximum Annual Debt Service Ratio (as defined in the Loan Agreement) or the Liquidity Ratio (as defined in the Loan Agreement) without the consent of the 2015 Purchaser.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Webster University
470 East Lockwood Avenue
St. Louis, Missouri 63119

UMB Bank, N.A.,
as representative of the Purchasers
2 South Broadway
St. Louis, Missouri 63102

The Bank of New York Mellon Trust Company, N.A.,
as Trustee
911 Washington Avenue
St. Louis, Missouri 63101

Health and Educational Facilities Authority
of the State of Missouri
15450 South Outer Forty Rd., Suite 230
Chesterfield, Missouri 63017

**Re: \$46,690,000 Health and Educational Facilities Authority of the State of Missouri Educational Facilities
Refunding Revenue Bonds (Webster University Project) Series 2017**

Ladies and Gentlemen:

We have acted as bond counsel to Webster University, a Missouri nonprofit corporation (the “**Borrower**”), in connection with the issuance by the Health and Educational Facilities Authority of the State of Missouri (the “**Authority**”) of the above-captioned bonds (the “**Series 2017 Bonds**”) pursuant to Chapter 360 of the Revised Statutes of Missouri, as amended (the “**Act**”), pursuant to a Resolution dated May 3, 2017, passed by the Authority and a Trust Indenture dated as of July 1, 2011 (the “**Original Indenture**”) between the Authority and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, as trustee (the “**Trustee**”) as supplemented and amended by the Supplemental Indenture of Trust No. 1 dated as of October 1, 2015, between the Issuer and the Trustee (the “**First Supplemental Indenture**”) and the Supplemental Indenture of Trust No. 2 dated as of May 1, 2017, between the Issuer and the Trustee (the “**Second Supplemental Indenture**”) (the Original Indenture, as supplemented, is referred to herein as the “**Indenture**”). Capitalized terms used herein and not otherwise defined herein have the meanings given to such terms in the Indenture.

The proceeds of the Series 2017 Bonds are being loaned to the Borrower, pursuant to a Loan Agreement dated as of July 1, 2011 (the “**Original Loan Agreement**”) between the Authority and the Borrower, as supplemented and

amended by Supplemental Loan Agreement No. 1 dated as of October 1, 2015, between the Authority and the Borrower (the “**Supplemental Loan Agreement No. 1**”) and the Supplemental Loan Agreement No. 2 dated as of May 1, 2017, between the Authority and the Borrower (the “**Second Supplemental Indenture**”) (the Original Loan Agreement, as supplemented, is referred to herein as the “**Loan Agreement**”).

In making our examination of documents, we have assumed that the parties to such documents had the power to enter into and perform all obligations thereunder; the due and valid authorization, execution and delivery of such documents; that such documents are valid and binding obligations of the parties thereto and are enforceable against such parties in accordance with their terms; and that the parties to such documents have complied and will comply with their obligations thereunder. We have assumed the genuineness of all signatures on all documents examined by us, the authenticity of all documents submitted to us as originals and the conformity to authentic originals of all documents submitted to us as copies.

We have examined such law and such certified proceedings and other documents and materials as we deem necessary to enable us to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Borrower contained in the Indenture, the Loan Agreement, the 2017 Tax Compliance Agreement and in the other documents and certificates delivered in connection with the issuance and delivery of the Series 2017 Bonds and the certified proceedings and other certifications of public officials and others furnished to us, in each case without undertaking to verify the same by independent investigation.

We have also relied upon the opinion of even date herewith of Thompson Coburn, LLP, St. Louis, Missouri, counsel to the Authority, as to certain matters pertaining to the Authority in connection with the Series 2017 Bonds, and the opinion of even date herewith of Husch Blackwell LLP, St. Louis, Missouri, counsel to the Borrower, as to certain matters pertaining to the Borrower in connection with the Series 2017 Bonds. Except as stated herein, we express no opinion with respect to those issues.

Based upon the foregoing, and subject to the qualifications and limitations stated below, we are of the opinion that, under existing law:

1. The Series 2017 Bonds have been duly authorized, executed and delivered by the Authority and, when duly authenticated and delivered by the Trustee, will constitute special, limited obligations of the Authority.
2. The Series 2017 Bonds, when issued, will be payable solely from the Loan Payments made by the Borrower under the Loan Agreement and payments made by the Borrower on the Notes and other funds held by the Trustee and pledged under the Indenture as security for the Series 2017 Bonds. The Series 2017 Bonds do not constitute a debt or liability of the State of Missouri (the “**State**”) or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof. The issuance of the Series 2017 Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.
3. The Series 2017 Bonds, Supplemental Loan Agreement No. 2, and Supplemental Indenture No. 2 have been duly authorized, executed, and delivered by the Authority, are legal, valid, and binding obligations of the Authority, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

4. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed by the Code on individuals and corporations but is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In addition to the foregoing exceptions, the opinions set forth in this paragraph are subject to the condition that the Authority and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017 Bonds in order that interest thereon (including any original issue discount properly allocable to the owners thereof) be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the Borrower have covenanted to comply with each such requirement. Failure to comply with certain of these requirements may cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds. We express no opinion as to other federal tax consequences regarding the Series 2017 Bonds.

5. Under the laws of the State as presently enacted and construed, interest income on the Series 2017 Bonds is exempt from taxation by the State. We express no opinion as to other State tax consequences regarding the Series 2017 Bonds.

We express no opinion regarding (a) the perfection or priority of the lien on the Trust Estate pledged under the Indenture, or (b) federal or state tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2017 Bonds.

Although we are not opining as to enforceability, the rights of the owners of the Series 2017 Bonds and the enforceability thereof and of the Indenture may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, and other similar laws relating to or affecting creditors’ rights and by equitable principles, whether considered at law or in equity, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Except as expressly stated in our supplemental bond counsel opinion of even date herewith, we have not been engaged or undertaken to review the accuracy, adequacy or completeness of any offering material relating to the Series 2017 Bonds, and we express no opinion relating thereto.

The opinions expressed herein are limited to the federal law of the United States of America and the laws of the State, and we express no opinion as to the laws of any other state or jurisdiction, including any local or municipal laws. In rendering our opinion, we have not considered, and hereby disclaim any opinion as to, the application or impact of any laws, cases, decisions, rules or regulations of any other jurisdiction, court or administrative agency.

We call to your attention the fact that our legal opinions are an expression of professional judgment and not a guarantee of result. Further, the opinions expressed herein are as of the date hereof only and are based on laws, orders, contract terms and provisions and facts as of such date. By rendering this opinion, we do not undertake, and hereby disclaim any obligation, to update this opinion letter after such date or to advise you of any changes in law or fact stated or assumed herein that may occur or come to our attention after the date hereof.

This opinion is furnished only to you and is solely for your use and benefit in connection with the transactions described herein. Without our prior written consent, this opinion may not be used, quoted or otherwise referred to for any other purpose or relied upon by, or assigned to, any other person for any purpose, including any other person that seeks to assert your rights in respect of this opinion.

Very truly yours,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of June 1, 2017 (the “*Continuing Disclosure Agreement*”), is executed and delivered by WEBSTER UNIVERSITY (the “*Institution*”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as dissemination agent (the “*Dissemination Agent*”).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the Health and Educational Facilities Authority of the State of Missouri (the “*Authority*”) of \$49,690,000 Educational Facilities Refunding Revenue Bonds (Webster University), Series 2017 (the “*Bonds*”), pursuant to a Bond Trust Indenture dated as of July 1, 2011 (as amended and supplemented, the “*Bond Indenture*”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “*Bond Trustee*”). The proceeds of the Bonds are being loaned by the Authority to the Institution pursuant to a Loan Agreement dated as of July 1, 2011, between the Authority and the Institution (as amended and supplemented, the “*Loan Agreement*”).

2. The Institution and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “*Rule*”). The Institution is the only “obligated person” (as defined by the Rule) with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any Beneficial Owner of the Bonds, with respect to the Rule.

In consideration of the mutual covenants and agreements herein, the Institution and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this **Section 1**, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report filed by the Institution pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“*Authority*” means the Health and Educational Facilities Authority of the State of Missouri, and its successors and assigns or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Authority.

“*Beneficial Owner*” means any Registered Owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Business Day*” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Bond Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Dissemination Agent” means The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Institution.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“Fiscal Year” means the 12-month period beginning on June 1 and ending on May 31 or any other 12-month period selected by the Institution as the Fiscal Year of the Institution for financial reporting purposes.

“Institution” means Webster University, a Missouri nonprofit corporation, and its successors and assigns.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Notice Events” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Section 2. Provision of Annual Reports.

(a) The Institution shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Institution’s Fiscal Year, commencing with the year ending May 31, 2017, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):

(1) The audited financial statements of the Institution for the prior Fiscal Year prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial information contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, with such modifications to formatting and general presentation thereof as deemed appropriate by the Institution; provided, any substantive change to information provided shall be effected only in accordance with **Section 6** of this Continuing Disclosure Agreement

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Institution is an “obligated person” (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Institution shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Institution may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Institution's Fiscal Year changes, it shall give notice of such change in the same manner as for a Notice Event under **Section 3(d)**.

(b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the Institution shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the Institution has filed the Annual Report with the MSRB.

(c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Institution that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit B**.

(d) The Dissemination Agent shall, (1) notify the Institution each year, not later than 30 days prior to the date for providing the Annual Report to the MSRB, of the date on which its Annual Report must be provided to the Dissemination Agent or the MSRB, and (2) unless the Institution has filed the Annual Report with the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (a) above, file the Annual Report with the MSRB and file a report with the Institution, the Authority and (if the Dissemination Agent is not the Bond Trustee) the Bond Trustee certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed.

Section 3. Reporting of Notice Events.

(a) Pursuant to the provisions of this Section 3, the Institution shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Bonds ("**Notice Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Institution;
- (13) the consummation of a merger, consolidation, or acquisition involving the Institution or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

The Institution shall provide notice of any Notice Event in time to permit the Dissemination Agent to provide the notice required under **Section 3(d)** in a timely manner not in excess of ten (10) Business Days after the occurrence of the related event.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Notice Event, contact the chief financial officer of the Institution or his or her designee or such other person as the Institution shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Institution promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Institution determines that a notice of the occurrence of such event is not required to be filed with the MSRB via EMMA under applicable federal securities laws, the Institution shall so notify the Dissemination Agent in writing of such determination and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the Institution obtains knowledge of the occurrence of a Notice Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Institution shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the Institution to report the occurrence of a Notice Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, with a copy to the Institution. Notwithstanding the foregoing, notice of Notice Events described in subsections (a)(8) or (9) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Registered Owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation. The Institution's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Institution's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Institution, and the Institution shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Institution shall give notice of such termination or substitution in the same manner as for a Notice Event under **Section 3(d)**.

Section 5. Dissemination Agent; Other Designated Agents.

(a) The Institution may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Institution. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Institution pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is The Bank of New York Mellon Trust Company, N.A.

(b) The Institution may, from time to time, appoint or designate one or more agents (each, a “**designated agent**”) to submit Annual Reports, Notice Event notices, and other notices or reports with the MSRB via EMMA. The Institution hereby appoints the Dissemination Agent as designated agents of the Institution solely for the purpose of submitting Institution-approved Annual Reports, Notice Event notices, and other notices or reports to the MSRB via EMMA. The Institution may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 5(b)** from time to time by written designation to the newly appointed designated agent.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Institution and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Institution and the Dissemination Agent with its written opinion that the undertaking of the Institution contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

If a provision of this Continuing Disclosure Agreement is amended or waived, the Institution shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Institution. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Notice Event under Section 3(d), and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Institution from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Institution chooses to include any information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Institution shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Notice Event.

Section 8. Default. If there is a failure of the Institution or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Bond Trustee may (and, at the request of any Underwriter or the Registered Owners of at least 25% aggregate principal amount of

Outstanding Bonds, and upon being indemnified to the satisfaction of the Bond Trustee, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement if there is any failure of the Institution or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Institution agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Institution shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement. The Dissemination Agent shall have the same rights, protections and limitations on liability hereunder as afforded to it as Bond Trustee under the Bond Indenture.

Section 10. Obligated Persons.

(a) If any other person subsequently becomes an "obligated person" (as defined in the Rule), the Institution agrees to require such person to enter into a written undertaking to comply with the provisions set forth in this Continuing Disclosure Agreement as a condition of such person becoming an "obligated person".

(b) Any "obligated person" (other than the Institution) reserves the right to terminate its obligation to provide information and notices of Notice Events, as set forth above, if and when such person is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule. The Institution will provide notice of any such termination to the Dissemination Agent and to the MSRB via EMMA.

Section 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by facsimile or by e-mail, receipt confirmed by telephone, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Institution: Webster University
470 East Lockwood Avenue
St. Louis, Missouri 63119
Attention: Vice President of Finance and Administration

To the Dissemination Agent: The Bank of New York Mellon Trust Company, N.A.
911 Washington Avenue
St. Louis, Missouri 63101
Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Institution, the Bond Trustee, the Dissemination Agent, the Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Severability. If any provision in this Continuing Disclosure Agreement, the Bond Indenture, the Loan Agreement or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 16. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF, the Institution and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

WEBSTER UNIVERSITY

By: _____
Title: _____

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.**, as Dissemination Agent

By: _____
Title: Authorized Officer

EXHIBIT A

**FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the following described sections and tables contained in Appendix A of the final Official Statement:

1. Tables under the caption “STUDENT AND TUITION INFORMATION – Enrollment;”
2. Table entitled “Freshman Applications (Main Campus Only)” under the caption “STUDENT AND TUITION INFORMATION – Student Recruitment Process at Webster University”; and
3. Table under the caption “STUDENT AND TUITION INFORMATION – Tuition, Room, and Board.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Health and Educational Facilities Authority of the State of Missouri

Name of Bond Issue: \$49,690,000 Educational Facilities Improvement and Refunding Revenue Bonds
(Webster University), Series 2017

Name of Obligated
Person: Webster University

Date of Issuance: June 27, 2017

NOTICE IS HEREBY GIVEN that Webster University has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of June 1, 2017, between Webster University and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent. [The Obligated Person has informed the Dissemination Agent that the Obligated Person anticipates that the Annual Report will be filed by _____.]

Dated: _____, _____.

The Bank of New York Mellon Trust Company, N.A., as
Dissemination Agent, on behalf of Webster University

cc: Webster University

Webster UNIVERSITY



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